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OF THE
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1916: No. 47

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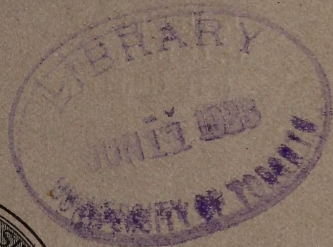
1916

SINGLE TAX

EDITED BY

E. D. SHURTER

Head of Public Discussion Division
Department of Extension



Published by the University six times a month and entered as
second-class matter at the postoffice at
AUSTIN, TEXAS



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The benefits of education and of useful knowledge, generally diffused through a community, are essential to the preservation of a free government.

Sam Houston.

Cultivated mind is the guardian genius of democracy. . . . It is the only dictator that freemen acknowledge and the only security that freemen desire.

Mirabeau B. Lamar.

PREFACE

The question for the University Interscholastic League debates of 1916-17 is as follows:

Resolved, That all revenues of government—Federal, State, and local—should be derived from a single tax upon land values; constitutionality granted.

This bulletin contains a bibliography on this question, with an historical sketch, a brief of each side, and selected affirmative and negative arguments. These arguments are taken from two or three leading authorities on each side who treat the question fundamentally and comprehensively. The editor gratefully acknowledges his indebtedness to the Extension Division of the University of Washington for permission to reprint herein references and briefs contained in a bulletin entitled, "The Single Tax: an Outline for Debate." *Special attention is called to the addresses given in the first paragraph of the Bibliography, whence supplementary material may be obtained.*

Two copies of this bulletin and one copy of Post's "The Taxation of Land Values," will be sent to the principal of each school belonging to the Interscholastic League.

BIBLIOGRAPHY.

In addition to the references contained in the following bibliography, material on the affirmative side of the question can be secured by writing direct to Mr. William A. Black, Secretary of the Single Tax League of Texas, 211 Fifth Street, San Antonio, Texas. Material on the negative side may be secured from the following addresses: Anti-Single Tax League, 1401 Waldheim Bldg., Kansas City, Missouri; International Tax Association, Columbus, Ohio; New York Tax Reform Association, 56 Pine Street, New York City; Oregon National Tax Reform Association, Roseburg, Oregon; Taxpayers Advisory Committee, 700 Eiler Building, Seattle, Washington; Washington Equal Taxation League, Charles S. Shields, Secretary, Seattle, Washington; National Tax Association, 15 Dey Street, New York City.

The Librarian of the People's Loan Library, Extension Department of the University, has a number of package libraries containing material on both the affirmative and negative sides, which will be loaned for two weeks in order of application, the borrower paying the postage charges both ways.

I. GENERAL REFERENCES.

*Denotes especially good books and articles. Many articles not available for examination are put in the "General" list although they may be affirmative or negative.

Libraries and high schools are advised to buy several of the best books from this list on different phases of the question and to send for free material to organizations and publishers distributing literature for and against the single tax. (See addresses given above.)

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IV. SOCIETIES AND PERIODICALS.

(The following societies and publishing houses publish numerous books, pamphlets and magazines which are not included in the above reference lists.)

SOCIETIES.

- American Economic League.** Blymer, Bldg., Cincinnati, Ohio.
- Anti-Single Tax League.** 1401 Waldheim Bldg., Kansas City Missouri.
- Brooklyn Single Tax Club.** 775 East 32d St.
- California League for Home Rule in Taxation.** San Francisco, California.
- Chicago Single Tax Club.** Schiller Bldg.
- Columbus, Single Tax Club,** Ohio.
- Fundamental Reform Committee,** Leary Bldg., Seattle, Wash.
- Henry George Lecture Association.** Ellsworth Bldg., Chicago, Illinois.
- Indianapolis Single Tax Club,** Indiana.
- International Tax Association.** Columbus, Ohio. (General).
- Joseph Fels Fund of America.** Cincinnati, Ohio.
- Land Values Tax Party.** 43 East 22d St., New York City.
- Land Values Taxation League.** 253 Chambers of Commerce Bldg., Winnipeg, Canada.
- Manhattan Single Tax Club.** 47 West 42d St. Room 305. New York City.
- Manitoba League for the Taxation of Land Values.** 422 Chambers of Commerce, Winnipeg, Manitoba.
- Massachusetts Single Tax League.** 68 Essex St., Boston, Massachusetts.
- Milwaukee Single Tax Club.** 725 Claybourn St.
- National Tax Association.** Columbus, Ohio.
- New York State Single Tax League.** 68 William St., New York City.
- New York Tax Reform Association.** 56 Pine St., New York City. (General).

Oregon National Tax Reform Association. Roseburg, Oregon. (Anti-single tax).

Pennsylvania Single Tax Club. 50 N. Hobtra St., Philadelphia, Pa.

Seattle Single Tax Club. O. T. Erickson, secretary, Seattle, Washington.

Single Tax Association of Ontario. 79 Adelaide St. E., Toronto, Canada.

Single Tax Information Bureau. 134 Clarkson St., Brooklyn, New York.

Single Tax League of Ohio. Cleveland, Ohio.

Spokane Single Tax League. 7 Post St., Spokane, Washington.

Tax Reform Association. 1300 Land Title Bldg., Philadelphia, Pa.

Tax Reform League. 75 Yonge St., Ontario, Canada.

Taxpayers Advisory Committee. 700 Eiler Bldg., Seattle, Washington. (Anti-single tax).

United Committee for the Taxation of Land Values. Broad Sanctuary Chambers, 11 Tothill St., Westminster, London.

Washington Equal Taxation League. Charles S. Shields, Secretary, Seattle, Washington. (Anti-single tax).

Women's Henry George League. 47 West 42d St., New York City.

Women's National Single Tax League. 75 Highland Ave., Orange, N. J.

PERIODICALS

Land Values. 11 Tothill St., Westminster, London. Monthly. \$0.50 per year.

Public. L. F. Post, Editor. Ellsworth, Bldg., Chicago, Illinois. \$1.00 per year; \$0.25 a quarter.

Single Tax Broacher. W. G. Eggleston, 318 Worcester Bldg., Portland, Oregon.

Single Tax Index. Ralph Crosman, ed. 121 Second St., San Francisco, Cal. \$4 per year; 1 a quarter.

Single Tax Review. 150 Nassau St., New York City. \$1.00 per year; \$0.25 per number. Quarterly.

Single Taxer. Denver, Colo. Weekly. \$0.25 per year.

Single Taxer. The Land Values Taxation League, 253 Chambers of Commerce Bldg., Winnipeg, Canada. \$0.50 per year.

Square Deal. Official organ of the Single Tax Association of Ontario. \$0.50 per year.

Tax Liberator. Official organ of Oregon National Tax Reform Association, Roseburg, Oregon. (Anti-single tax).

Tax Talk. Los Angeles, Cal. \$0.25 per year.

GENERAL STATEMENT

The single tax is a proposal to take ground-rent for the expenses of government. Ground-rent means the revenue which is yielded by the bare ground, whether it be mineral land, agricultural land, or a city lot. Ground-rent arises by reason of the fact that one piece of land, by reason of its natural fertility, location, mineral-bearing qualities or whatnot yields a larger return per unit of labor applied to it in a given time than another piece of ground. The student can, however, best grasp the conception of ground-rent by thinking of special examples of it. What would a certain lot that you know of rent for, exclusive of all improvements or alterations in it by the hand of man? What would such and such a piece of raw earth rent for in its raw state? If farm-land, think of it in its prairie or wooded condition, just as nature left it and before man began to alter it to his purpose. When you arrive at an estimate of that sum, you are estimating ground- or economic-rent. That is the source from which the single-taxer would derive all the revenues of government. The single-taxer limited would take only about ninety per cent of it—the full single-taxer would take all of it—for the uses of government. The single tax implies, of course, the remission of all other taxes, except those of a purely punitive character, such as a dog tax or liquor license.

The plan of raising all revenues for public purposes by a tax assessed against some single kind of property, or based on some single criterion of wealth or ability, is not a new one. There have been economists and tax reformers in the last two hundred years who have proposed single taxes on expenditures, houses, incomes, capital, and land.

The theory of the single tax on land values such as proposed by Henry George was promulgated a great many years before Mr. George presented it. Adam Smith in his *Wealth of Nations* recognized the fundamental basis of the land value tax, namely, that land values are created by society and not by the individuals owning the land.

This doctrine was dimly seen at the close of the Eighteenth Century by a French school called the Physiocrats. The theory of the Physiocrats may be briefly stated as follows: Land is the only source of new wealth and therefore the cultivation of the soil is the only really productive industry. Agriculture yields, in addition to the returns on labor and capital, a net product which is called rent. Since no new wealth can come from any other source, all taxes must of necessity come out of rent. If placed on other things, they would be simply shifted to the owner of the land. All revenues should therefore be raised by a single tax on the rent of land.

Later, John Stuart Mill did much to develop the single tax on land

theory. Mill laid great stress on the fact that there is an enormous unearned increment in the increase in land values due to the growth of population, formation of cities and other influences outside the individual. About 1870 Mill was president of a Land-Tenure Reform Association in England. The following is an extract from their program:

"To claim for the benefit of the State, the Interception by Taxation of the Future Unearned Increase of the rent of land (so far as the same can be ascertained), or a great part of that increase, which is continually taking place without any effort or outlay by the proprietors, merely through the growth of population and wealth; reserving to owners the option of relinquishing their property to the State, at the market value which it may have acquired at the time when this principle may be adopted by the Legislature." This differs from Mr. George's plan only in that it applies to future and not to all unearned increment, past and future.

To Henry George belongs the credit of fully working out the single tax philosophy in its economic and social aspects and stating the theory in a popular and effective form. His greatest work, "Progress and Poverty," was finished in 1879. It has been translated into every civilized tongue and has had a marked influence on economic thought in every civilized nation. There has been no application in full of a single tax on land values, but an approximation to it is in force in several parts of the world. There is a marked tendency in tax reform in all countries towards the higher taxation of land values.

New Zealand. New Zealand is often referred to as a single tax country. It is far from it. There has been a separate tax on the value of land in New Zealand since the passing of the Land Tax Act, 1891. This act was a marked improvement over what they had had and did give relief. New Zealand also adopted a graduated tax, which was primarily intended to break up large land holdings.

Various measures have been passed from time to time by the New Zealand government, "giving powers to local authorities to levy their general rates on land values only, and correspondingly relieve improvements." A great many local authorities have taken advantage of an act in 1911 and have adopted the rating of land values to marked advantage.

The following is taken from the report of The Commissioner of Taxes, Mr. P. Heyes, made for the information of the British Government:

"The effect has certainly been to greatly stimulate the building trade. . . . It has been the direct cause of much valuable suburban land being cut up and placed on the market, and thus rendered more easily available for residential purposes, and of the subdivision of large estates in the county, resulting in closer settlement. The rebuilding of this city (Wellington) which for some years has been rapidly going on,

is largely attributable to the taxation and rating of land values, so that the supply of building materials could not at times keep pace with the demand. The tendency of this system of taxation is not to increase rent, but on the contrary, as the tax becomes heavier, it tends to bring into beneficial occupation land not put to its best use, and so reduces rent, the improvements being entirely free from all rates and taxes."

Australia. In addition to the general Land Tax imposed by the Commonwealth Government, which yields over \$6,500,000, and with the recent increase will yield about \$11,500,000, every State except Queensland imposes a tax on land values. The revenue from the State taxes is over \$2,500,000. In most of the States local authorities are empowered to rate land values, and in Queensland and New South Wales practically all local revenues are so raised. It is estimated that Australia, with a population of approximately four and one-half millions, raises nearly seventeen and one-half millions of dollars in Federal, State, and Municipal taxation on land values.

The following statement recently signed by ninety mayors and aldermen of the Province of New South Wales shows how the reform has been justified: "It has reduced the rates of a very large proportion of the ratepayers, although we are raising a large revenue. It has stimulated the building trade, employment is more constant, and business generally is on a much sounder footing. It had induced a number of ratepayers to build, or dispose of land which they were not able or willing to use themselves. . . . It specially benefits those ratepayers whose use of land is most effective and creditable to the municipality, while it has put effective pressure upon a number of owners of idle or partly used land to change their tactics."

The city council of Sydney, Australia, voted on April 13th to impose all local taxation on land values. Sydney has a population of over 700,000, and is so far the largest city in the world to apply this system. In moving the adoption of the new system the lord mayor, Rt. Hon. R. D. Meagher, said that since the inauguration of the council in 1843 the rates had always been raised either upon the rental or improved values alone, or upon the rental and unimproved values combined, and now for the first time they had adopted the "up-to-date and scientific system" entirely, and he was proud of having brought this into operation during his term. Sydney was the first of all cities in the Empire having the status of Lord Mayoralty to adopt the principle, and he hoped the precedent established would be followed by all.

Western Canada. The three western Provinces of Canada have for a number of years come rapidly towards the adoption of the single tax. In British Columbia municipalities have power to exempt improvements entirely from taxation. Vancouver, the largest city in this Province, began in 1896 by exempting improvements 25 per cent; at a later period an additional 25 per cent was exempted; in January, 1910,

all municipal taxes were based on land values only. Since that time no change has been made, although the city authorities have the power to change their taxing system any year.

Alberta. In 1912 the Province of Alberta passed an act that in seven years all established municipalities should rate land values only and that all new municipalities should rate land values from the outset. Edmonton, the capital, stage by stage absolved taxes on improvements and now raises all its revenues by a tax on land values only. Other cities and towns have already adopted the same basis of a land values tax only.

Saskatchewan. Since 1897 the cities and towns of Saskatchewan have assessed improvements at 60 per cent of their value and land at its full value. In 1911 an act was passed enabling any city or town to reduce assessments on improvements by 15 per cent each year and thus in four years absolve altogether the rates on improvements. Under the village act of 1908, improvements in villages were to be rated at only 60 per cent of their value, and might be totally exempted on petition of two-thirds of the taxpayers. A considerable number of villages already tax land values only. In November, 1912, the Legislature passed the second reading of a bill making the adoption of the land values basis of assessments compulsory in all rural municipalities after January, 1914. Within a very few years there will not be a local authority in the western Provinces of Canada which draws its revenue from anything but land values. The agitation is growing for an extension of the system to Provincial and Dominion finance. In this the farmers' organizations of Western Canada are taking a prominent part; they stand unanimously for the abolition of the tariff and all taxes on improvements and the raising of all revenue from taxation on land values. The success of the system in the West is making the struggle for it in the East keener and keener. In rural districts of Manitoba improvements are not taxed, and the capital, Winnipeg, is steadily diminishing its tax on improvements and increasing the tax on land values.

Nova Scotia. In Nova Scotia a bill just passed the Legislature abolishes personal property taxes. Furthermore, land and improvements are to be assessed separately and next year the tax rate on improvements will be reduced 25 per cent.

England. Though *Progress and Poverty* was published in the United States in 1879, it was not till Henry George's visit to Ireland, then in the throes of the land agitation, that his teaching began to attract any attention on that side of the Atlantic. In 1882 he addressed one or two meetings in Great Britain before returning to the States. About this time there was formed in London the Land Reform Union, a body doomed to speedy dissolution, being composed not only of believers in the teachings of *Progress and Poverty*, but also of land nationalists of the Russell Wallace and Socialistic

type. But afterwards there arose the English Land Restoration League, which finally developed into the English League for the Taxation of Land Values.

On his return to Great Britain in 1884, Henry George addressed a great meeting in the Glasgow City Hall, an address which has been printed and circulated since under the title of "Scotland and Scotsmen," and at that meeting the Scottish Land Restoration League was formed.

The question of taxing land values was first brought before the Municipal Council of Glasgow, on the 17th of February, 1890, when Mr. Peter Burt, who had entered the council the previous November, got a motion passed expressing general dissatisfaction with the existing system of rating, and agreeing to appoint a committee to consider the whole question and report. Mr. Burt was appointed chairman of the committee.

The first notable expression of approval for the principle of taxing land values to be found in a Parliamentary document is the report of the Royal Commission on the Housing of the Working Classes, published in 1885. This report, which was signed by many eminent men, including the late King Edward VII, then Prince of Wales, recommended that unused land in the neighborhood of towns available for building should be rated at 4 per cent of its capital value.

In 1894 a petition signed by 94 members of Parliament was addressed to the Chancellor of the Exchequer, praying him to impose a budget tax on land values in his next budget.

In 1895 Mr. Provand moved a resolution to the effect that: "No system of taxation can be equitable unless it includes the direct assessment of the enhanced value of land due to the increase of population and wealth, and the growth of towns." This resolution was agreed to without division.

In a new Parliament, on the 23rd of March, 1906, the bill applying to Scotland was again brought forward by Mr. Sutherland, member for Elgin Burghs, and carried by a majority of 258 to 61. The Government agreed to appoint a select committee to consider the bill and take evidence, and appointed Mr. Alexander Ure, K. C., now Lord Strathclyde, and then Solicitor-General for Scotland, chairman of the committee.

The committee reported at the end of the year and in a masterly statement gave its unqualified approval to the principle of rating land values alone to the exclusion of improvements of all kind, and recommended that the first step should be the passing of a bill for the separate valuation of land of Scotland.

In the meantime it was thought desirable to bring pressure once more on the Government, and Mr. Wedgwood, with some other members of the land values group, secured the signatures of some

400 members of Parliament to a petition urging the Government to bring forward in the following session their promised legislation on the taxation of land values. The petition was presented on the 18th of December, 1906. The Prime Minister, Sir Henry Campbell-Bannerman, in his reply, pointed out that the full reform could not be carried out in a single measure and that this made it all the more desirable that the necessary valuation should be undertaken without delay.

In the following year (1907) a valuation bill, the land values (Scotland) bill, was introduced, and passed the third reading by a majority of 139, but was rejected by the House of Lords. In 1908 the bill was re-introduced and passed the second reading by a majority of 273, but was so mutilated by the House of Lords as to be nullified in effect, and it was therefore abandoned.

In 1906, when the Tories were swept out of office, to give place to a great Liberal majority, it was deemed advisable to form, independent of the English and Scottish League, a United Committee for the Taxation of Land Values, composed of representatives from both leagues; this committee was formed in March, 1907, with offices at 11 Tothill Street, Westminster.

The House of Lords having twice defeated the bill to provide for separate land valuation for Scotland, it was recognized by all concerned that it would be "beating the air" to promote a similar bill for England, and an appeal was made to the Government to make taxation of land values a budget measure. The United Committee were in complete agreement with Mr. Ure's striking report as chairman of the Select Committee on the Land Values (Scotland) bill and organized a great campaign of meetings for him. The agitation was vigorously extended in every direction. Conferences and demonstrations were held all over the country, addressed by Mr. Ure and others, and a memorial was presented to the Government in November, 1908, signed by 250 members of Parliament and urging the inclusion of a tax on land values in the 1909 budget.

The Government responded to this appeal, and decided to levy a tax on some land values, which necessitated a valuation of the land. The Lords rejected the budget because of the land clauses. The Government appealed to the country, and were returned at two successive elections to place the budget on the statute book and to curtail the power of the House of Lords.

The next step to be taken is revealed in the memorial presented in the first and only session of the Parliament of 1910. This memorial was signed by 134 members of Parliament. The practical political proposals of the movement are expressed in the memorial.

After the general election in December, 1910, the land values group gained a considerable accession in strength, and when the

memorial was again presented to the Prime Minister and the Chancellor of the Exchequer on the 18th of May, 1911, it was signed by 173 Liberal and Labor members of Parliament.

The Chancellor of the Exchequer inaugurated the land campaign at a series of meetings in the autumn of 1913 and spring of 1914. At the final meeting of the series, held in Glasgow on February 4th, 1914, he declared that the Government was pledged to the principle of taxing land values and that they intended to "make the land contribute to the public expenditure on the basis of its real value." The Liberal party began to set on foot a land campaign all over the country with the object of making that the issue at the next general election, but the outbreak of the war brought the agitation to a stop.

In closing the report of the progress of a land values tax in Great Britain the following quotations from English statesmen are noteworthy:

"The demand for the taxation of land values was first formulated by a bill in the House of Commons in 1902 and behind that lies full twenty years of well directed spadework. The taxation of land values was well defined and well on its way to the seat of legislation before it reached the length even of a fourth-rate position in the programme of the Liberal party.

"I suppose we are all agreed on some things, one being that it is necessary, at any rate, that as a preliminary step there should be a separate assessment on site values. . . . I believe we shall arrive at a more satisfactory and more permanent result if we allow ourselves a little time and a little patience for the consideration of this problem, than if we were to introduce a comparatively small and piecemeal installment of the reform we all desire."—Mr. Asquith (Prime Minister) to a municipal deputation at the House of Commons, 26th February, 1906.

"There were no land reformers who would think it worth their while to have different valuation made if they were to stop merely at the collection of the budget taxes. They were keen that the valuation should be made for a greater purpose still—in order that they might in time remove all rating and taxing from the value of buildings and improvements—the work of men's hands—and place the whole of it upon the basis of the value of the land. The result would be that the land would be free, the great monopoly would be broken down and freer access would be given to God's earth to those who were able and willing to make the best of the land. Men would be encouraged henceforward to make a profitable use of their land, to spend money upon it in labor and material, and so the wealth of the whole community would be vastly increased."—Mr. Alexander Ure, K. C., M. P., Lord Advocate (now Lord Strathclyde), London, 24th September, 1910.

"For many years the taxation of land values was a voice crying in the wilderness. Today that voice spoke with authority of law. We look forward to a bright future. They asked for taxes on our bread. We have given them the Taxation of land values, and the more they press us the sterner will be our reply."—Mr. McKenna (Chancellor of the Exchequer), at Pontypool, 24th October, 1910.

"In future I think I can guarantee to you that the Government will see that those noble Lords and others who own land to which a great value has been attached and added by the exertions of the community shall contribute towards all public expenditure on the real value of that land. . . . The valuation under the Act of 1909 secures for the first time the real value of the land and of the structures thereon separately, and I can assure you we mean to make use of that valuation. I cannot imagine there being any doubt in anybody's mind on the subject. I wonder why they think we had that valuation unless we meant to use it."—Mr. Lloyd George (Minister of Munitions) at Glasgow, February 4th, 1914.

German Empire.—The following is taken from an article, "The Single Tax," in *The Outlook*, Sept. 20, 1913:

In the German Empire the first of the recent experiments in taxing the increment of land was made in the model German colony of Kiaochau, established in China in 1897. The land and tax ordinance of 1898 imposed a tax of 33 1-3 per cent of any increment of value accruing thereafter to private purchasers of lands acquired from the Government, a tax of 6 per cent on the value of land, exclusive of improvements, and a tax on land sales at auction. This ordinance suddenly and unexpectedly realized the German land reformers' programme in a German colony under the direct control of the Imperial Government. It naturally aroused great interest, and soon led to attempts to tax the unearned increment in various German Cities. Frankfort and Cologne took the lead, in 1904 and 1905. Their example was rapidly followed by scores of other municipalities, including most of the large cities, until in 1910 the increment tax was in operation in 457 cities and towns and was yielding a substantial revenue. The rates of taxation ranged from 1 per cent to 25 per cent of the amount of the increment.

In 1911 the German Empire passed an Imperial increment tax. This law imposes a progressive tax, increasing according to the percentage which the increment bears to the original value of the land. The rate is 10 per cent of the increment when that amounts to 10 per cent of the original value, and increases 1 per cent for each additional 20 per cent of increment until it reaches 19 per cent on increments ranging from 170 per cent to 190 per cent. From that point it increases 1 per cent for every additional 10 per cent of increment, until it reaches 30 per cent on all incre-

ments of 290 per cent and over, with provision for certain deductions. The Imperial tax is intended to unify the taxation of the unearned increment throughout the Empire, and will replace the local increment taxes. To compensate the cities for the revenue thus lost, the law provides that 40 per cent of the product of the Imperial increment tax shall be apportioned to the local governments; while the States are given 10 per cent, and the Empire retains 50 per cent. Authority is granted, however, to impose additional rates for local purposes; so that some measure of local option is retained.

United States. Much progress has been made along administrative lines towards the exemption of improvements. Legislation, moreover, has been enacted in several states of the union, tending toward the relief of improvements from the burdens of taxation. In 1913, Pennsylvania passed a law, which applies to Pittsburgh and Scranton, providing for the eventual reduction on the rate on improvements by one half. In 1915, the third class cities of Pennsylvania made a vigorous effort to influence the Legislature to allow them the same latitude in the matter of taxing improvements as was accorded to Pittsburgh and Scranton. This measure was defeated on the ground that it made for the single tax. Moreover, the Legislature went so far as to repeal the act allowing a reduction of the rate on improvements in the cities of Scranton and Pittsburgh, but this legislation was vetoed by the Governor.

While further advance of the movement in the United States is handicapped in most states by legislative constitutional restrictions, it is probably true that a larger percentage of ground rent is reclaimed by the community through taxation in the states of Massachusetts and New York than in any other territory in the world. Yet in contrast with these gradual British and colonial attainments, the record of the United States for actual achievement is a comparative blank. This condition, in the birthplace and home of the great expounder himself, is not easy to account for, except in so far as constitutional requirements of uniformity prevent experiment. In England the fact that the land question has long been far more acute than it is in the United States has had much to do with the more rapid progress of the Single Tax. The concentration of land ownership in England is unparalleled in the United States. The irritating spectacle of enormous entailed estates, with large areas held for game preserves, and the practical exemption of land from all local taxation, has fermented a state of public opinion favorable to single tax ideas. In the British colonies the movement for the single tax may be explained in part by reference to the peculiar texture of the colonial mind. The colonists are extremely hospitable to new consideration and receptive to new conclusions, if only they appear to be sound. Charged with building

new dominions, they unconsciously join hands for the realization of what seem to them the best things in government and state.

More important, however, than any other factor in practical results of the two cases is the difference between the English and American methods of procedure. In the British Empire the voters begin at once to discuss among themselves and with themselves the advantages of the land tax, and straightway, by the very cohesion of a common thought, they set about to get it with, as it were, one heart and voice, by enactment of land laws. In this country the voters are of a different type; they are mostly too busy to concern themselves with making even their own laws. Consequently the cause has been assigned to scattered organizations, which have proceeded to discuss the theoretical possibilities and impossibilities and probabilities of every phase of the land tax question, combined with other questions more or less related, to the end of the catalog.

The States of Washington, Oregon and California have all been subject to vigorous single tax campaigns. For the first time in its history, Oregon has up a straight single tax measure proposed and supported by organized labor. Twice in recent years, but by a less majority the second time than the first, the people of California have defeated measures proposing to give cities and other political subdivisions local option in taxation.

In 1912, a straight single tax amendment to the Constitution was proposed in Missouri, which if adopted would have within eight years exempted all forms of labor-values from taxation. Urban Missouri gave a comparatively large percentage of its vote in favor of the measure; but it was overwhelmingly defeated in the rural districts.

In recent years certain communities have consciously lightened the burden of taxation on improvements and correspondingly increased the burden on land values. This is notably true in Houston, where this policy took such decided form as to receive generally the appellation of "the Houston Plan of Taxation," and this is true, also, to some extent of San Antonio, as well as of several other cities in Texas.

THE GENERAL PROPERTY TAX

(From "Essays on Taxation," by E. R. A. Seligman, Professor of Economics, Columbia University)

The same divergence of economic conditions explains what is today the most marked distinction in the United States between the fiscal systems of the North, the South and the West. In the Southern states up to the civil war, the interest of the large landed proprietors were still dominant. Under the Federal constitution, it was impossible for them to levy import or export duties. For a time, therefore, land, as the only source of wealth, had to defray the public charges. In the absence of industrial centers, there was little opportunity for taxation of personal property. As the need of increased revenues was felt, the landed interests attempted to secure this revenue from the few ordinary occupations carried on outside of the farms and estates. In other words, the license or privilege system was established, which levied a fixed charge on well-nigh every occupation. It was not until after the middle of the century that the general property tax was introduced; but even today the license or privilege taxes yield a large share of the public revenue.

In the Northern states, on the other hand, where the business interests were more powerful, the license or privilege system never attained such a firm foothold. But with the breakdown of the general property tax, the attempt of the general public to secure a taxation of the moneyed interests has taken the form of taxation of corporations and of capital. There are plainly visible the beginnings of a system of taxation of net product. Finally, in the Western states, where the economic conditions are as yet more primitive, there have been only sporadic attempts to alter the general property tax, while there is still to a great extent a tax on real estate. But with the gradual unification of economic conditions, which is slowly taking place throughout the entire country, we may expect that the systems of taxation will become more nearly uniform, until the results of modern industrial and democratic development will finally appear here, as they are appearing in other parts of the world. The recent attempt to introduce a federal income tax, however defective the measure may have been, is a significant evidence of the trend. That this attempt will ultimately be followed by others, not necessarily precisely similar, but yet indicative of the same general movement, is by no means improbable. [The income tax has since been adopted.]

From the above survey one fact stands out prominently. Amid the clashing of divergent interests, and the endeavor of each social class to roll off the burden of taxation on some other class, we dis-

cern the slow and laborious growth of standards of justice in taxation, and the attempt on the part of the community as a whole to realize this justice. The history of finance, in other words, shows the evolution of the principle of faculty or ability in taxation—the principle that each individual should be held to help the state in proportion to his ability to help himself. In the earliest indirect payments there was no idea of equity, but only of force. But with the advance of civilization and social ethics, we reach the first stage of rude equality in the poll tax. Step by step the revenue system advanced to successively higher planes. Expenditure, property, product—each of these in turn was considered the test of individual capacity and obligation towards the state, until finally in modern times revenue or income has come to be regarded as the most equitable and the most practicable measure of individual and social faculty. To arrange a system of taxation which shall, on the whole, correspond as closely as possible to the net revenues of individuals and social classes, and which shall take into account the variations in tax-paying ability, has thus become the demand of modern civilization. But unless this system is in harmony with the external structure and the internal conditions of modern economic life, it is foredoomed to failure. If the history of taxation teaches any one lesson, it is that all social and moral advance is the result of a slow process and that while fiscal systems are continually modified by the working out of ethical ideals, these ideals themselves depend for their realization upon the economic forces which are continually transforming the face of human society.

From the preceding survey it is difficult to escape the conclusion that the general property tax as the main source of public revenue is a failure from the triple standpoint of history, theory and practice.

Historically, the property tax was once well-nigh universal. Far from being an original idea which the Americans instinctively adopted, it is found in all early societies whose economic conditions were similar to those of the American colonies. It was the first crude attempt to attain a semblance of equity, and it at first responded roughly to the demands of democratic justice. In a community mainly agricultural, the property tax was not unsuited to the social conditions. But as soon as commercial and industrial considerations came to the foreground in national or municipal life, the property tax decayed, became a shadow of its former self, and while professing to be a tax on all property, ultimately turned into a tax on real property. This disparity between facts and appearances, between practice and theory, almost everywhere became so evident and engendered such misery, that the property tax was gradually relegated to a subordinate position in the fiscal system, and was at last completely abolished. All attempts to stem the current and to prolong the tax by a more stringent administration

had no effect but that of injurious reaction on the morale of the community. America is today the only great nation deaf to the warnings of history. But it is fast nearing the stage where it, too, will have to submit to the inevitable.

Theoretically, we have found that the general property tax is deficient in two respects. First, the theory presupposes that there is an ascertainable general property—a definite surplus of assets over liabilities. In primitive social conditions this is true; there is a composite mass of property, because there is no industrial differentiation. But in the modern age property is split up into a hundred elements, so that if we attempt to tax each element separately, it is often impossible to decide from which category deductions are to be made for indebtedness. An individual, for instance, owes more on his book accounts than is due him. Granting that he therefore pays no tax on his book accounts, shall he be permitted to deduct this surplus of debt from the value of his real estate? That is manifestly inadmissible. And yet, unless this is done, he is taxed, not on his property, but on his surplus of debt; not on his real assets, but on what he owes; not on his ability, but on his liability. The theory of the property tax is not carried out; and it cannot be carried out, because the conditions of the theory fail. The general mass of property has disappeared, and with it vanishes the foundation of the general property tax.

Secondly, the property tax is faulty because property is no longer a criterion of faculty or tax-paying capacity. Two equal masses of property may be unequally productive, and hence unequally affect the margin of income from which the public contributions are paid. The standard of ability has been shifted from property to product; the test now is not the extent, but the productivity, of wealth. And since revenue is a better index than wealth, the vast class of earnings derived not from property but from exertion is completely and unjustifiably exempted by the taxation of property alone. The theory of the property tax again fails because the conditions of the theory have disappeared.

Practically, the general property tax as actually administered is beyond all doubt one of the worst taxes known in the civilized world. Because of its attempt to tax intangible as well as tangible things, it sins against the cardinal rules of uniformity, of equality and of universality of taxation. It puts a premium on dishonesty and debauches the public conscience; it reduces deception to a system, and makes a science of knavery; it presses hardest on those least able to pay; it imposes double taxation on one man and grants entire immunity to the next. In short, the general property tax is so flagrantly inequitable that its retention can be explained only through ignorance or inertia. It is the cause of such crying injustice that its alteration or its abolition must become the battle cry of every statesman and reformer.

OUTLINE OF AFFIRMATIVE AND NEGATIVE ARGUMENTS.

Brief for the Affirmative

All public revenue should be raised by a single tax on land values, because

- I. The present national, state, and local taxes are fundamentally defective, for
 - A. They are taxes on industry and improvements, and industry and improvements should not be taxed, for
 1. Taxes falling on the products of labor discourage their production.
 2. Taxes falling on improvements lessen the amount of improvements.
 - B. They are unjust taxes, for
 1. They can be easily evaded.
 2. They can to a considerable extent be shifted.
 3. They bear heavily on the poor.
 4. All taxes on the products of individual labor are unjust when society has a fund of its own from which to draw its revenues.
 - C. They are expensive, complex, and cumbersome, for
 1. They are levied on a great variety of objects and require complicated machinery, and duplication of machinery, for their assessment and collection.
- II. The single tax on land values will do away with the defects of the present system, for
 - A. It will exempt industry and improvements from taxation, for
 1. Land will bear the entire burden.
 - B. It is a just tax, for
 1. It cannot be evaded, for
 - (a) Land cannot be concealed or carried off.
 - (b) Land values can be easily determined.
 2. It cannot be shifted, for
 - (a) It will be paid out of rent.
 - (b) Landlords cannot pay the tax from an increase in rents, for
 - (1) Rents depend on supply and demand.
 - (c) Economists are agreed that the single tax cannot be shifted.
 3. It is a burden on no one, for
 - a. The fund upon which it draws is created by society, for

- (1) All land values and all increase in land values are due to the presence of society, for
 - (a) If society were not there the land would have no value.
 - (b) Individual labor or improvements do not add to the value of the bare land.
- b. It merely takes from the land owner the unearned increment of land due to presence of society, which increment is a social and not an individual product.
- C. It is a simple tax, for
 - 1. There is one object of taxation, land values.
 - 2. Little machinery is necessary in order to assess and collect a tax on land values only.
- D. It is an adequate tax, for
 - 1. It has a large fund from which to draw revenue in the annual rental value of land and in the increase in value of land from year to year.
- E. It is an elastic tax, for
 - 1. The amount of revenue raised by the tax can be automatically raised or lowered by changing the rate, for
 - a. The fund on which it draws is much larger than is necessary for all governmental expenditure.
- III. The single tax on land values will bring about desirable economic and social readjustments which will be beneficial, for
 - A. The condition of the laboring classes will be improved, for
 - 1. Land will be comparatively easy to get, for
 - a. Idle land will be forced into the market and prices will fall, for
 - (1) It will be taxed at its full value.
 - (2) Speculators will not be able to hold it out of use and pay taxes on it.
 - 2. The slum problem will be remedied, for
 - a. Owners of cheap tenements will have to build better buildings in order to get sufficient income to pay the taxes on the land value.
 - b. Vacant land will be available at cheap prices.
 - c. The exemption of improvements will stimulate building.
 - 3. Wages will be increased, for
 - a. Employers will be obliged to pay workingmen the equivalent of what they could produce on the land, for

- (1) Land will be available to anyone who will put it into productive use.
- b. The opening up of the vast areas now held out of use for purposes of speculation will give a great amount of employment to labor.
- B. The farmer will be benefited, for
 - a. The products of his labor, such as crops, his improvements, implements, stock, etc., will be exempt from taxation.
 - b. He will actually pay less taxes than at present, for
 - (1) The vast holdings of idle land in both cities and rural districts will bear their just share of the taxes.
- C. All forms of industry will be stimulated by the exemption of labor, capital and all improvements on land from taxation and by making the natural resources accessible to all.
- IV. The single tax on land values has succeeded where it has been tried, for
 - A. It has greatly benefited Vancouver, Victoria, Edmonton and other Canadian municipalities.
 - B. It has worked well in New Zealand and Australia.
 - C. Taxes with some single tax features are being used successfully by England, Germany and other European countries.

Brief for the Negative

Public revenues should not be raised by a single tax on land values, because

- I. The present system of taxation is not inherently defective, for
 - A. On the whole, it is in harmony with the great principle of taxation that each individual should contribute to the support of the government in proportion to his ability to pay, for
 - 1. Property taxes form the basis of our system of taxation.
 - 2. Property is one of the best evidences of ability to pay.
 - B. It is a diversified system, and diversification in a taxing system is desirable, for
 - 1. If any injustice results from one tax, it is apt to be equalized or mitigated by the other taxes.
 - 2. A diversified system is a more certain source of revenue, for
 - (a) If one source fails, others can be drawn upon.
 - 3. It affords greater elasticity.
 - 4. It requires some contribution from practically every citizen.

5. It permits the application of taxes for social or political purposes.

C. The specific defects in the present system can be remedied by specific reforms without overthrowing the entire system, for

1. The greatest evil of the present system of state and local taxation—evasion—can be done away with by the classification of property for purposes of taxation and by the taxation of different classes at different rates, for

(a) If a low rate is placed on intangible and other personal property, the tax will not be evaded.

(b) The classified property tax has practically done away with evasion in the states where it has been adopted.

2. Injustices in the present system can be remedied by the extension of progressive inheritance taxes in the states and the adoption of a progressive income tax by the federal government.

3. The separation of state and local taxation will secure greater simplicity and effectiveness in the taxing system.

II. Viewed solely as a system of taxation, the single tax on land values is defective, for

A. It is unjust, for

1. It fails to conform to the canon of taxation that all should pay taxes in proportion to their ability to pay, for

(a) It taxes individuals only in proportion to the value of the land which they own.

(b) It taxes the poor men's land and exempts the rich men's personal property, mansions, skyscrapers, and factories.

(c) It takes no consideration of income, productiveness of property, or any of the evidences of ability to pay.

(d) It exempts nearly all monopolies and trusts.

2. It discriminates against a certain class in society—the farmers, for

(a) It compels them to bear an undue share of the burdens of taxation.

3. It discriminates against one of the elements of production, for

- (a) Labor and capital should also bear some of the burden of taxation, for
 - (1) There are socially created values in labor and capital as well as in land, for
 - (a) The products of labor owe their value to the presence of society.
 - (b) The factory and store would be worthless if society did not offer a market for their products.
 - (c) The business man's profits and the income of the professional man are socially created values.
 - (d) Houses and all other improvements have the same kind of socially created value as has land.
- 4. It is unjust to take the increment of land in taxes and not reimburse the land owner when there is a decrement in the value of his land.
- B. It is difficult of assessment, for
 - 1. It is often impossible to determine land values exclusive of improvements, for
 - a. The value of irrigated, cultivated or fertilized land cannot be correctly estimated apart from the improvements.
- C. It is inelastic, for
 - 1. It cannot be increased, for
 - a. The purpose of the single tax is to take all of the rent of land.
 - 2. The selling value and rental value of land fluctuate and will cause fluctuations in the amounts raised by the tax.
- D. It is inadequate, for
 - 1. In many poor communities the rent of land is insufficient to meet the expenses of government.
- E. It will lead to extravagance, for
 - 1. In many communities there are enormous land values and large funds will pour into the public treasury.
 - 2. The interest of citizens in having government economically administered will be lessened, for
 - (a) A majority will pay no taxes.
- F. Its adoption will necessitate the abolition of revenue taxes, such as the taxes on opium, liquors, tobacco, adulterated foods, etc., and of protective taxes, such as the tariff.

III. As a scheme for social and economic reform, the single tax on land values is undesirable, for

A. It will result in the confiscation of private property in land, for

1. The appropriation by society of the rent and increase in value of land will abolish the selling value of land and constitute the state the universal landlord.

B. Confiscation of private property in land is not desirable, for

1. By a process of evolution society has evolved from a state of common or community ownership of land to a state of private ownership of land.

2. Private ownership of land is the basis of our civilization.

C. It will result in discouraging the policy of conservation, for

1. A premium will be placed on exploiting natural resources.

2. Timber lands especially will suffer, for

(a) The timber will have to be cut to pay the taxes, for

(1) The land yields no income until the timber is cut.

AFFIRMATIVE ARGUMENTS.

THE RIGHT TO THE USE OF THE EARTH.

(From "Social Statics," by Herbert Spencer.)

Given a race of beings having like claims to pursue the objects of their desires—given a world adapted to the gratification of those desires—a world into which such beings are similarly born, and it unavoidably follows that they have equal rights to the use of this world. For if each of them "has freedom to do all that he wills, provided he infringes not the equal freedom of any other," then each of them is free to use the earth for the satisfaction of his wants, provided he allows all others the same liberty. And conversely, it is manifest that no one, or part of them, may use the earth in such a way as to prevent the rest from similarly using it; seeing that to do this is to assume greater freedom than the rest, and consequently to break the law.

Equity, therefore, does not permit property in land. For if one portion of the earth's surface may justly become the possession of an individual, and may be held by him for his sole use and benefit, as a thing to which he has an exclusive right, then other portions of the earth's surface may be so held; and eventually the whole of the earth's surface may be so held; and our planet may thus lapse altogether into private hands. Observe now the dilemma to which this leads. Supposing the entire habitable globe to be so inclosed, it follows that if the land-owners have a valid right to its surface, all who are not land-owners have no right at all to its surface. Hence, such can exist on the earth by sufferance only. They are all trespassers. Save by the permission of the lords of the soil, they can have no room for the soles of their feet. Nay, should the others think fit to deny them a resting-place, these landless men might equitably be expelled from the earth altogether. If, then, the assumption that land can be held as property, involves that the whole globe may become the private domain of a part of its inhabitants; and, if, by consequence, the rest of its inhabitants can then exercise their faculties—can then exist even—only by consent of the landowners; it is manifest that an exclusive possession of the soil necessitates an infringement of the law of equal freedom. For, men who cannot "live and move and have their being" without the leave of others, cannot be equally free with those others.

Passing from the consideration of the possible to that of the actual, we find yet further reason to deny the rectitude of property in land. It can never be pretended that the existing titles to such property are legitimate. Should any one think so, let him look in the chronicles. Violence, fraud, the prerogative of force, the claims of superior cunning—these are the sources to which those

titles may be traced. The original deeds were written with the sword, rather than with the pen: not lawyers, but soldiers, were the conveyancers: blows were the current coin given in payment; and for seals, blood has been used in preference to wax. Could valid claims be thus constituted? Hardly. And if not, what becomes of the pretensions of all subsequent holders of estates so obtained? Does sale or bequest generate a right where it did not previously exist? Would the original claimants be nonsuited at the bar of reason, because the thing stolen from them had changed hands? Certainly not. And if one act of transfer can give no title, can many? No: though nothing be multiplied forever, it will not produce one. Even the law recognizes this principle. An existing holder must, if called upon, substantiate the claims of those from whom he purchased or inherited his property; and any flaw in the original parchment, even though the property may have had a score of intermediate owners, quashes his right.

Whether it may be expedient to admit claims of a certain standing, is not the point. We have here nothing to do with considerations of conventional privilege or legislative convenience. We have simply to inquire what is the verdict given by pure equity in the matter. And this verdict enjoins a protest against every existing pretension to the individual possession of the soil, dictates the assertion, that the right of mankind at large to the earth's surface is still valid; all deeds, customs, and laws notwithstanding.

Probably some will regard the difficulties inseparable from individual ownership of the soil as caused by pushing to excess a doctrine applicable only within rational limits. This is a very favorite style of thinking with some. There are people who hate anything in the shape of exact conclusion; and these are of them. According to such, the right is never in either extreme, but always half-way between the extremes. They are continually trying to reconcile Yes and No. Ifs and buts and excepts are their delight. They have so great a faith in "the judicious mean" that they would scarcely believe an oracle, if it uttered a full-length principle. . . . They have a passion for compromises. To meet their taste, Truth must always be spiced with a little Error. They cannot conceive of a pure, definite, entire and unlimited law. And hence, in discussions like the present, they are constantly petitioning for limitations—always wishing to abate, and modify, and moderate—ever protesting against doctrines being pursued to their ultimate consequences.

But it behooves such to recollect, that ethical truth is as exact and as peremptory as physical truth; and that in this matter of land tenure, the verdict of morality must be distinctly yea or nay. Either men have a right to make the soil private property, or they have not. There is no medium. We must choose one of the two

positions. There can be no half-and-half opinion. In the nature of things the fact must be either one way or the other.

If men have not such a right, we are at once delivered from the several predicaments already pointed out. If they have such a right, then is that right absolute, sacred, not on any pretense to be violated.

Briefly reviewing the argument, we see that the right of each man to the use of the earth, limited only by the like rights of his fellow-men, is immediately deducible from the law of equal freedom. We see that the maintenance of this right necessarily forbids private property in land. On examination all existing titles to such property turn out to be invalid; those founded on reclamation inclusive. It appears that not even an equal apportionment of the earth amongst its inhabitants could generate a legitimate proprietorship. We find that if pushed to its ultimate consequences, a claim to exclusive possession of the soil involves a land-owning despotism. We further find that such a claim is constantly denied by the enactments of our legislature. And we find, lastly, that the theory of the co-heirship of all men to the soil is consistent with the highest civilization; and that, however difficult it may be to embody that theory in fact, equity sternly commands it to be done.

PROGRESS AND POVERTY—HENRY GEORGE.

CHAPTER I.

INJUSTICE OF PRIVATE PROPERTY IN LAND.

The real and natural distinction is between things which are the produce of labor and things which are the gratuitous offerings of nature; or, to adopt the terms of political economy, between wealth and land.

These two classes of things are in essence and relations widely different, and to class them together as property is to confuse all thought when we come to consider the justice or the injustice, the right or the wrong of property.

A house and the lot on which it stands are alike property, as being the subject of ownership, and are alike classed by the lawyers as real estate. Yet in nature and relations they differ widely. The one is produced by human labor, and belongs to the class in political economy styled wealth. The other is a part of nature and belongs to the class in political economy styled land.

The essential character of the one class of things is that they embody labor, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things is that

they do not embody labor, and exist irrespective of human exertion and irrespective of man; they are the field of environment in which man finds himself; the storehouse from which his needs must be supplied; the raw material upon which, and the forces with which alone his labor can act.

The moment this distinction is realized, that moment is it seen that the sanction which natural justice gives to one species of property is denied to the other; that the rightfulness which attaches to individual property in the produce of labor implies the wrongfulness of individual property in land; that, whereas the recognition of the one places all men upon equal terms, securing to each the due reward of his labor, the recognition of the other is the denial of the equal rights of men, permitting those who do not labor to take the natural reward of those who do.

Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice.

The equal right of all men to the use of land is as clear as their equal right to breathe the air—it is a right proclaimed by the fact of their existence. For we cannot suppose that some men have a right to be in this world and others no right.

If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyment of His bounty—with an equal right to the use of all that nature so impartially offers. This is a right which is natural and inalienable; it is a right which vests in every human being as he enters the world, and which during his continuance in the world can be limited only by the equal rights of others. There is in nature no such thing as a fee simple in land. If all existing men were to unite to grant away their equal rights, they could not grant away the rights of those who follow them. For what are we but tenants for a day? Have we made the earth, that we should determine the rights of those who after us shall tenant it in their turn? The Almighty, who created the earth for man and man for the earth, has entailed it upon all the generations of the children of men by a decree written upon the constitution of all things—a decree which no human action can bar and no prescription determine. Let the parchments be ever so many, or possession ever so long, natural justice can recognize no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows. Though his titles have been acquiesced in by generation after generation to the landed estate of the Duke of Westminster, the poorest child that is born in London today has as much right as has his eldest son. Though the sovereign people of the State of New York consent to the landed possessions of the Astors, the puniest infant that comes wailing into the world in the squalidest room of the most miserable

tenement house, becomes at that moment seized of an equal right with the millionaires. And it is robbed if the right is denied.

Our previous conclusions, irresistible in themselves, thus stand approved by the highest and final test. Translated from terms of political economy into terms of ethics they show a wrong as the source of the evils which increase as material progress goes on.

The masses of men, who in the midst of abundance suffer want; who, clothed with political freedom, are condemned to the wages of slavery; to whose toil labor-saving inventions bring no relief, but rather seem to rob them of a privilege, instinctively feel that "there is something wrong." And they are right.

The wide-spreading social evils which everywhere oppress men amid an advancing civilization spring from a great primary wrong—the appropriation, as the exclusive property of some men, of the land on which and from which all must live. From this fundamental injustice flow all the injustices which distort and endanger modern development, which condemn the producer of wealth to poverty and pamper the non-producer in luxury, which rear the tenement house with the palace, plant the brothel behind the church, and compel us to build prisons as we open new schools.

There is nothing strange or inexplicable in the phenomena that are now perplexing the world. It is not that material progress is not in itself a good; it is not that nature has called into being children for whom she has failed to provide; it is not that the Creator has left on natural laws a taint of injustice at which even the human mind revolts, that material progress brings such bitter fruits. That amid our highest civilization men faint and die with want is not due to the niggardliness of nature, but to the injustice of man. Vice and misery, poverty and pauperism are not the legitimate results of increase of population and industrial development; they only follow increase of population and industrial development because land is treated as private property—they are the direct and necessary results of the violation of the supreme law of justice, involved in giving to some men the exclusive possession of that which nature provided for all men.

The recognition of individual proprietorship in land is the denial of the natural rights of other individuals—it is a wrong which must show itself in the inequitable division of wealth. For as labor cannot produce without the use of land, the denial of the equal right to the use of land is necessarily the denial of the right of labor to its own produce. If one man can command the land upon which others must labor, he can appropriate the produce of their labor as the price of his permission to labor. The fundamental law of nature, that her enjoyment by man shall be consequent upon his exertion, is thus violated. The one receives without producing; the others produce without receiving. The one is unjustly enriched; the others

are robbed. To this fundamental wrong we have traced the unjust distribution of wealth which is separating modern society into the very rich and the very poor. It is the continuous increase of rent—the price that labor is compelled to pay for the use of land, which strips the many of the wealth they justly earn, to pile it up in the hands of the few, who do nothing to earn it.

Why should they who suffer from this injustice hesitate for one moment to sweep it away? Who are the land holders that they should thus be permitted to reap where they have not sown?

CHAPTER II.

RENT AND LAW OF RENT.

The term rent, in its economic sense—that is, when used, as I am using it, to distinguish that part of the produce which accrues to the owners of land or other natural capabilities by virtue of their ownership—differs in meaning from the word rent as commonly used. In some respects this economic meaning is narrower than the common meaning; in other respects it is wider.

It is narrower in this: In common speech we apply the word rent to payments for the use of buildings, machinery, fixtures, etc., as well as to payments for the use of land or other natural capabilities; and in speaking of the rent of a house or the rent of a farm, we do not separate the price for the use of the improvements from the price for the use of the bare land. But in the economic meaning of rent, payments for the use of any of the products of human exertion are excluded, and of the lumped payments for the use of houses, farms, etc., only that part is rent which constitutes the consideration for the use of the land—the part paid for the use of buildings or other improvements being properly interest, as it is a consideration for the use of capital.

It is wider in this: In common speech we speak of rent only when the owner and user are distinct persons. But in the economic sense there is also rent where the same person is both owner and user. Where owner and user are thus the same person, whatever part of his income he might obtain by letting the land to another is rent, while the return for his labor and capital are that part of his income which they would yield him did he hire instead of owning the land. Rent is also expressed in a selling price. When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized. If I buy land for a small price and hold it until I can sell it for a large price, I have become rich, not by wages for my labor or by interest upon my capital, but by the increase of rent. Rent, in short, is the share in the wealth produced which the exclusive right to the use of

natural capabilities gives to the owner. Wherever land has an exchange value there is rent in the economic meaning of the term. Wherever land having a value is used, either by owner or hirer, there is rent actual; wherever it is not used, but still has a value, there is rent potential. It is this capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value.

Thus rent or land value does not arise from the productiveness or utility of land. It in no wise represents any help or advantage given to production, but simply the power of securing a part of the results of production. No matter what are its capabilities, land can yield no rent and have no value until some one is willing to give labor or the results of labor for the privilege of using it; and what any one will thus give depends not upon the capacity of the land, but upon its capacity as compared with that of land that can be had for nothing. I may have very rich land, but it will yield no rent and have no value so long as there is other land as good to be had without cost. But when this other land is appropriated, and the best land to be had for nothing is inferior, either in fertility, situation, or other quality, my land will begin to have a value and yield rent. And though the productiveness of my land may decrease, yet if the productiveness of the land to be had without charge decreases in greater proportion, the rent I can get, and consequently the value of my land, will steadily increase. Rent, in short, is the price of monopoly, arising from the reduction to individual ownership of natural elements which human exertion can neither produce nor increase.

If one man owned all the land accessible to any community, he could, of course, demand any price or condition for its use that he saw fit; and, as long as his ownership was acknowledged, the other members of the community would have but death or emigration as the alternative to submission to his terms. This has been the case in many communities; but in the modern form of society, the land, though generally reduced to individual ownership, is in the hands of too many different persons to permit the price which can be obtained for its use to be fixed by mere caprice or desire. While each individual owner tries to get all he can, there is a limit to what he can get, which constitutes the market price or market rent of the land, and which varies with different lands and at different times. The law, or relation, which, under these circumstances of free competition among all parties, the condition which in tracing out the principles of political economy is always to be assumed, determines what rent or price can be got by the owner, is styled the law of rent. This fixed with certainty, we have more than a starting point from which the laws which regulate wages and interest may be traced. For, as the distribution of wealth is a division, in

ascertaining what fixes the share of the produce which goes as rent, we also ascertain what fixes the share which is left for wages, where there is no co-operation of capital; and what fixes the joint share left for wages and interest, where capital does co-operate in production.

Fortunately, as to the law of rent there is no necessity for discussion. Authority here coincides with common sense, and the accepted dictum of the current political economy has the self-evident character of a geometric axiom. This accepted law of rent, which John Stuart Mill denominates the *pons asinorum* of political economy, is sometimes styled "Ricardo's law of rent," from the fact that, although not the first to announce it, he first brought it prominently into notice. It is:

The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use.*

This law, which, of course, applies to land used for other purposes than agriculture, and to all natural agencies, such as mines, fisheries, etc., has been exhaustively explained and illustrated by all the leading economists since Ricardo. But its mere statement has all the force of a self-evident proposition, for it is clear that the effect of competition is to make the lowest reward for which labor and capital will engage in production, the highest that they can claim; and hence to enable the owner of more productive land to appropriate in rent all the return above that required to recompense labor and capital at the ordinary rate—that is to say, what they can obtain upon the least productive land in use, or at the least productive point, where, of course, no rent is paid.

Perhaps it may conduce to a fuller understanding of the law of rent to put it in this form: The ownership of a natural agent of production will give the power of appropriating so much of the wealth produced by the exertion of labor and capital upon it as exceeds the return which the same application of labor and capital could secure in the least productive occupation in which they freely engage.

This, however, amounts to precisely the same thing, for there is no occupation in which labor and capital can engage which does not require the use of land; and, furthermore, the cultivation or other use of land will always be carried to as low a point of remuneration, all things considered, as is freely accepted in any other pursuit. Suppose, for instance, a community in which part of the labor and capital is devoted to agriculture and part to manufactures. The poorest land cultivated yields an average return which we will call 20, and 20 therefore will be the average return to labor and

*See sections 87-115, Post's *The Taxation of Land Values*.

capital, as well in manufactures as in agriculture. Suppose that from some permanent cause the return in manufactures is now reduced to 15. Clearly, the labor and capital engaged in manufactures will turn to agriculture; and the process will not stop until, either by the extension of cultivation to inferior lands or to inferior points on the same land, or by an increase in the relative value of manufactured products, owing to the diminution of production—or, as a matter of fact, by both processes—the yield to labor and capital in both pursuits has, all things considered, been brought again to the same level, so that whatever be the final point of productiveness at which manufactures are still carried on, whether it be 18 or 17 or 16, cultivation will also be extended to that point. And thus, to say that rent will be the excess in productiveness over the yield at the margin, or lowest point, of cultivation, is the same thing as to say that it will be the excess of produce over what the same amount of labor and capital obtains in the least remunerative occupation.

The law of rent, in fact, is but a deduction from the law of competition, and amounts simply to the assertion that as wages and interest tend to a common level, all that part of the general production of wealth which exceeds what the labor and capital employed could have secured for themselves, if applied to the poorest natural agent in use, will go to land owners in the shape of rent. It rests, in the last analysis, upon the fundamental principle, which is to political economy what the attraction of gravitation is to physics—that men will seek to gratify their desires with the least exertion.

This, then, is the law of rent. Although many standard treatises follow too much the example of Ricardo, who seems to view it merely in its relation to agriculture, and in several places speaks of manufactures yielding no rent, when, in truth, manufactures and exchange yield the highest rents, as is evidenced by the greater value of land in manufacturing and commercial cities, thus hiding the full importance of the law, yet, ever since the time of Ricardo, the law itself has been clearly apprehended and fully recognized. But not so its corollaries. Plain as they are, the accepted doctrine of wages (backed and fortified not only as has been hitherto explained, by considerations whose enormous weight will be seen when the logical conclusion toward which we are tending is reached) has hitherto prevented their recognition. Yet, is it not as plain as the simplest geometrical demonstration, that the corollary of the law of rent is the law of wages, where the division of the produce is simply between rent and wages; or the law of wages and interest taken together, where the division is into rent, wages and interest? Stated reversely, the law of rent is necessarily the law of wages and interest taken together, for it is the assertion, that no matter what be the production which results from the application of labor and capital, these two factors will receive in wages and interest only

such part of the produce as they could have produced on land free to them without the payment of rent—that is, the least productive land or point in use. For, if, of the produce, all over the amount which labor and capital could secure from land for which no rent is paid must go to land owners as rent, then all that can be claimed by labor and capital as wages and interest is the amount which they could have secured from land yielding no rent.

Or to put it in algebraic form:

As $\text{Produce} = \text{Rent} + \text{Wages} + \text{Interest}$,

Therefore, $\text{Produce} - \text{Rent} = \text{Wages} + \text{Interest}$.

Thus wages and interest do not depend upon the produce of labor and capital, but upon what is left after rent is taken out; or, upon the produce which they could obtain without paying rent—that is, from the poorest land in use. And hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase.

The moment this simple relation is recognized, a flood of light streams in upon what was before inexplicable and seemingly discordant facts range themselves under an obvious law. The increase of rent which goes on in progressive countries is at once seen to be the key which explains why wages and interest fail to increase with increase in productive power. For the wealth produced in every community is divided into two parts by what may be called the rent line, which is fixed by the margin of cultivation or the return which labor and capital could obtain from such natural opportunities as are free to them without the payment of rent. From the part of the produce below this line wages and interest must be paid. All that is above goes to the owners of the land. Thus, where the value of land is low, there may be a small production of wealth, and yet a high rate of wages and interest, as we see in new countries. And, where the value of land is high, there may be a very large production of wealth, and yet a low rate of wages and interest, as we see in old countries. And, where productive power increases, as it is increasing in all progressive countries, wages and interest will be affected, not by the increase, but by the manner in which rent is affected. If the value of land increases proportionately, all the increased production will be swallowed up by rent, and wages and interest will remain as before. If the value of land increases in greater ratio than productive power, rent will swallow up even more than the increase; and while the produce of labor and capital will be much larger, wages and interest will fall. It is only when the value of land fails to increase as rapidly as productive power, that wages and interest can increase with the increase of productive power. All this is exemplified in actual fact.

CHAPTER V.

THE LAW OF INTEREST.

Let us turn now to the law of interest, keeping in mind two things to which attention has heretofore been called, viz:

First—That it is not capital which employs labor, but labor which employs capital.

Second—That capital is not a fixed quantity but can always be increased or decreased, (1) by the greater or less application of labor to the production of capital, and (2) by the conversion of wealth into capital, or capital into wealth, for capital being but wealth applied in a certain way, wealth is the larger and inclusive term.

It is manifest that under conditions of freedom the maximum that can be given for the use of capital will be the increase it will bring, and the minimum or zero will be the replacement of capital; for above the one point the borrowing of capital would involve a loss, and below the other, capital could not be maintained.

Observe, again: it is not, as is carelessly stated by some writers, the increased efficiency given to labor by the adaptation of capital to any special form or use which fixes this minimum, but the average power of increase which belongs to capital generally. The power of applying itself in advantageous forms is a power of labor, which capital as capital cannot claim nor share.

To sum up, the law of interest is this:

The relation between wages and interest is determined by the average power of increase which attaches to capital from its use in reproductive modes. As rent arises, interest will fall as wages fall, or will be determined by the margin of cultivation.

I have endeavored at this length to trace out and illustrate the law of interest more in deference to the existing terminology and modes of thought than from the real necessities of our inquiry, were it unembarrassed by befogging discussions. In truth, the primary division of wealth in distribution is dual, not tripartite. Capital is but a form of labor, and its distinction from labor is in reality but a subdivision, just as the division of labor into skilled and unskilled would be. In our examination we have reached the same point as would have been attained had we simply treated capital as a form of labor, and sought the law which divides the produce between rent and wages; that is to say, between the possession of the two factors, natural substances and powers, and human exertion—which two factors by their union produce all wealth.

CHAPTER VI.

WAGES AND LAW OF WAGES.

Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent.

This law of wages accords with and explains universal facts that without its apprehension seem unrelated and contradictory. It shows that:

Where land is free and labor is unassisted by capital, the whole produce will go to labor for wages.

Where land is free and labor is assisted by capital, wages will consist of the whole produce, less that part necessary to induce the storing up of labor in capital.

Where land is subject to ownership and rent arises, wages will be fixed by what labor could secure from the highest natural opportunities open to it without the payment of rent.

Where natural opportunities are all monopolized, wages may be forced by the competition among laborers to the minimum at which laborers will consent to reproduce.

This necessary minimum of wages (which by Smith and Ricardo is denominated the point of "natural wages," and by Mill supposed to regulate wages, which will be higher or lower as the working classes consent to reproduce at a higher or lower standard of comfort) is, however, included in the law of wages as previously stated, as it is evident that the margin of production cannot fall below that point at which enough will be left as wages to secure the maintenance of labor.

Like Ricardo's law of rent, of which it is the corollary, this law of wages carries with it its own proof and becomes self-evident by mere statement. For it is but an application of the central truth that is the foundation of economic reasoning—that men will seek to satisfy their desires with the least exertion. The average man will not work for an employer for less, all things considered, than he can earn by working for himself; nor yet will he work for himself for less than he can earn by working for an employer, and hence the return which labor can secure from such natural opportunities as are free to it must fix the wages which labor everywhere gets. That is to say, the line of rent is the necessary measure of the line of wages. In fact, the accepted law of rent depends for its recognition upon a previous, though in many cases it seems to be an unconscious, acceptance of this law of wages. What makes it evident that land of a particular quality will yield as rent the surplus of its produce over that of the least productive land in use, is the apprehension of the fact that the owner of the higher quality of land can procure

the labor to work his land by the payment of what that labor could produce if exerted upon land of the poorer quality.

CHAPTER VII

THE CORRELATION AND CO-ORDINATION OF THESE LAWS.

The law of interest and the law of wages which we have substituted for those now taught are necessary deductions from the great law which alone makes any science of political economy possible—the all-compelling law that is as inseparable from the human mind as attraction is inseparable from matter, and without which it would be impossible to prewise or calculate upon any human action, the most trivial or the most important. This fundamental law, that men seek to gratify their desires with the least exertion, becomes, when viewed in its relation to one of the factors of production, the law of rent; in relation to another, the law of interest; and in relation to a third, the law of wages. And in accepting the law of rent, which, since the time of Ricardo, has been accepted by every economist of standing, and which, like a geometrical axiom, has but to be understood to compel assent, the law of interest and law of wages, as I have stated them, are inferentially accepted, as its necessary sequences. In fact, it is only relatively that they can be called sequences, as in the recognition of the law of rent they too must be recognized. For on what depends the recognition of the law of rent? Evidently upon the recognition of the fact that the effect of competition is to prevent the return to labor and capital being anywhere greater than upon the poorest land in use. It is in seeing this that we see that the owner of land will be able to claim as rent all of its produce which exceeds what would be yielded to an equal application of labor and capital on the poorest land in use.

The harmony and correlation of the laws of distribution as we have now apprehended them are in striking contrast with the want of harmony which characterizes these laws as presented by the current political economy.

Let us state them side by side:

THE CURRENT STATEMENT

Rent depends on the margin of cultivation, rising as it falls and falling as it rises.

Wages depend upon the ratio between the number of laborers and the amount of capital devoted to their employment.

Interest depends upon the equation between the supply of and demand for capital; or, as is stated of profits, upon wages (or the cost of labor), rising as wages fall, and falling as wages rise.

THE TRUE STATEMENT

Rent depends on the margin of cultivation, rising as it falls and falling as it rises.

Wages depend on the margin of cultivation, falling as it falls and rising as it rises.

Interest (its ratio with wages being fixed by the net power of increase which attaches to capital) depends on the margin of cultivation, falling as it falls and rising as it rises.

In the current statement the laws of distribution have no common center, no mutual relation; they are not the correlating divisions of a whole, but measures of different qualities. In the statement we have given, they spring from one point, support and supplement each other, and form the correlating divisions of a complete whole.

CHAPTER XIX

THE FIRST GREAT REFORM.

Do what we may, we can accomplish nothing real and lasting until we secure to all the first of those equal and inalienable rights with which, as our Declaration of Independence has it, man is endowed by his Creator—the equal and inalienable right to the use and benefit of natural opportunities.

There are people who are always trying to find some mean between right and wrong—people who, if they were to see a man about to be unjustly beheaded, might insist that the proper thing to do would be to chop off his feet. These are the people who, beginning to recognize the importance of the land question, propose in Ireland and England such measures as judicial valuations of rents and peasant proprietary, and in the United States, the reservation to actual settlers of what is left of the public lands, and the limitation of estates.

Nothing whatever can be accomplished by such timid, illogical measures. If we would cure social disease, we must go to the root.

There is no use in talking of reserving what there may be left of our public domain to actual settlers. That would be merely a locking of the stable door after the horse had been stolen, and even if it were not, would avail nothing.

There is no use in talking about restricting the amount of land any one man may hold. That, even if it were practicable, were idle, and would not meet the difficulty. The ownership of an acre in a city may give more command of the labor of others than the ownership of a hundred thousand acres in a sparsely settled district, and it is utterly impossible by any legal device to prevent the concentration of property so long as the general causes which irresistibly tend to the concentration of property remain untouched. So long as the wages tend to the point of a bare living for the laborer, we cannot stop the tendency of property of all kinds to concentration, and this must be the tendency of wages until equal rights in the soil of their country are secured to all. We can no more abolish industrial slavery by limiting the size of estates than we could abolish chattel slavery by putting a limit on the number of slaves a single slaveholder might own.

There is no escape from it. If we would save the Republic before social inequality and political demoralization have reached the point

when no salvation is possible, we must assert the principle of the Declaration of Independence, acknowledge the equal and inalienable rights which inhere in man by endowment of the Creator, and make land common property.

What more preposterous than the treatment of land as individual property? In every essential land differs from those things which, being the product of human labor, are rightfully property. It is the creation of God; they are produced by man. It is fixed in quantity; they may be increased illimitably. It exists, though generations come and go; they in a little while decay and pass again into the elements. What more preposterous than that one tenant for a day of this rolling sphere should collect rent for it from his co-tenants, or sell to them for a price what was here ages before him and will be here ages after him? What more preposterous than that we, living in New York City in this year, should be working for a lot of landlords who get the authority to live on our labor from some English king, dead and gone these centuries? What more preposterous than that we, the present population of the United States, should presume to grant to our own people or to foreign capitalists the right to strip of their earnings American citizens of the next generation? What more utterly preposterous than these titles to land? Although the whole people of the earth in one generation were to unite, they could no more sell title to land against the next generation than they could sell that generation. It is a self-evident truth, as Thomas Jefferson said, that the earth belongs in usufruct to the living.

Nor can any defense of private property in land be made on the ground of expediency. On the contrary, look where you will, and it is evident that the private ownership of land keeps land out of use; that the speculation it engenders crowds population where it ought to be more diffused, diffuses it where it ought to be closer together; compels those who wish to improve to pay away a large part of their capital, or mortgage their labor for years, before they are permitted to improve; prevents men from going to work for themselves who would gladly do so, crowding them into deadly competition with each other for the wages of employers; and enormously restricts the production of wealth while causing the grossest inequality in its distribution.

No assumption can be more gratuitous than that constantly made that absolute ownership of land is necessary to the improvement and proper use of land. What is necessary to the best use of land is the security of improvements—the assurance that the labor and capital expended upon it shall enjoy their reward. This is a very different thing from the absolute ownership of land. Some of the finest buildings in New York are erected upon leased ground. Nearly the whole

of London and other English cities, and great parts of Philadelphia and Baltimore, are so built.

To secure to all citizens their equal right to the land on which they live does not mean, as some of the ignorant seem to suppose, that every one must be given a farm, and city land be cut up into little pieces. It would be impossible to secure the equal rights of all in that way, even if such division were not in itself impossible. In a small and primitive community of simple industries and habits, such as that Moses legislated for, substantial equality may be secured by allotting to each family an equal share of the land and making it unalienable. Or, as among our rude ancestors in western Europe, or in such primitive society as the village communities of Russia and India, substantial equality may be secured by periodical allotment or cultivation in common. Or in sparse populations, such as the early New England colonies, substantial equality may be secured by giving to each family its town-lot and its seed-lot, holding the rest of the land as town-land or common. But among a highly civilized and rapidly growing population, with changing centers, with great cities and minute division of industry, and a complex system of production and exchange, such rude devices become ineffective and impossible.

And so it is not necessary, in order to secure equal rights to land, to make an equal division of land. All that it is necessary to do is to collect the ground-rents for the common benefit.

Nor, to take ground-rents for the common benefit, is it necessary that the state should actually take possession of the land and rent it out from year to year, or from term to term, as some ignorant people suppose. It can be done in a much more simple and easy manner by means of the existing machinery of taxation. All it is necessary to do is to abolish all other forms of taxation until the weight of taxation rests upon the value of land, irrespective of improvements, and take the ground-rent for the public benefit.

In this simple way, without increasing governmental machinery, but, on the contrary, greatly simplifying it, we could make land common property. And in doing this we could abolish all other taxation, and still have a great and steadily increasing surplus—a growing common fund, in the benefits of which all might share, and in the management of which there would be such a direct and general interest as to afford the strongest guaranties against misappropriation or waste. Under this system no one could afford to hold land he was not using, and land not in use would be thrown open to those who wished to use it, at once relieving the labor market and giving an enormous stimulus to production and improvement, while land in use would be paid for according to its value, irrespective of the improvements the user might make. On these he would not be taxed. All that his labor could add to the common wealth,

all that his prudence could save, would be his own, instead of, as now, subjecting him to fine. Thus would the sacred right of property be acknowledged by securing to each the reward of his exertion.

Practically the greatest, the most fundamental of all reforms, the reform which will make all other reforms easier, and without which no other reform will avail, is to be reached by concentrating all taxation into a tax upon the value of land, and making that heavy enough to take as near as may be the whole ground-rent for common purposes.

To appropriate ground-rent to public uses by means of taxation would permit the abolition of all the taxation which now presses so heavily upon labor and capital. This would enormously increase the production of wealth by the removal of restrictions and by adding to the incentives to production.

It would at the same time enormously increase the production of wealth by throwing open natural opportunities. It would utterly destroy land monopoly by making the holding of land unprofitable to any but the user. There would be no temptation to any one to hold land in expectation of future increase in its value when that increase was certain to be demanded in taxes. No one could afford to hold valuable land idle when the taxes upon it would be as heavy as they would be were it put to the fullest use. Thus speculation in land would be utterly destroyed, and land not in use would become free to those who wished to use it.

The enormous increase in production which would result from thus throwing open the natural means and opportunities of production, while at the same time removing the taxation which now hampers, restricts and fines production, would enormously augment the annual fund from which all incomes are drawn. It would at the same time make the distribution of wealth much more equal. That great part of this fund which is now taken by the owners of land, not as a return for anything by which they add to production, but because they have appropriated as their own the natural means and opportunities of production, and which, as material progress goes on, and the value of land rises, is constantly becoming larger and larger, would be virtually divided among all, by being utilized for common purposes. The removal of restrictions upon labor, and the opening of natural opportunities to labor, would make labor free to employ itself. Labor, the producer of all wealth, could never become a "drug on the market" while desire for any form of wealth was unsatisfied. With the natural opportunities of employment thrown open to all, the spectacle of willing men seeking vainly for employment could not be witnessed; there could be no surplus of unemployed labor to beget that cut-throat competition of laborers for employment which crowds wages down to the cost of merely living. Instead of the one-sided competition of workmen to find employment,

employers would compete with each other to obtain workmen. There would be no need of combinations to raise or maintain wages; for wages, instead of tending to the lowest point at which laborers can live, would tend to the highest point which employers could pay, and thus, instead of getting but a mere fraction of his earnings, the workman would get the full return of his labor, leaving to the skill, foresight and capital of the employers those additional earnings that are justly their due.

The equalization in the distribution of wealth that would thus result would effect immense economies and greatly add to productive power. The cost of the idleness, pauperism and crime that spring from poverty would be saved to the community; the increased mobility of labor, the increased intelligence of the masses, that would result from this equalized distribution of wealth, the greater incentive to invention and to the use of improved processes that would result in the increase in wages, would enormously increase production.

To abolish all taxes save a tax upon the value of land would at the same time greatly simplify the machinery and expenses of government, and greatly reduce government expenses. An army of custom house officers, and internal revenue officials, and license collectors and assessors, clerks, accountants, spies, detectives, and government employes of every description, could be dispensed with. The corrupting effect of indirect taxation would be taken out of our politics. The rings and combinations now interested in keeping up taxation would cease to contribute money for the debauching of voters and to beset the law-making power with their lobbyists. We should get rid of fraud and false swearing, of the bribery and subordination which now attend the collection of so much of our public revenues. We should get rid of the demoralization that proceeds from laws which prohibit actions in themselves harmless, punish men for crimes which the moral sense does not condemn, and offer a constant premium to evasion. "Land lies out of doors." It cannot be hid or carried off. Its value can be ascertained with greater ease and exactness than the value of anything else, and taxes upon that value can be collected with absolute certainty and at the minimum of expense. To rely upon land values for the whole public revenue would so simplify government, would so eliminate incentives to corruption, that we could safely assume as governmental functions the management of telegraphs and railroads, and safely apply the increasing surplus to securing such common benefits and providing such public conveniences as advancing civilization may call for.

And so, when we consider the phenomenon of rent, it reveals to us one of those beautiful and beneficial adaptations, in which more than in anything else the human mind recognizes evidences of Mind infinitely greater, and catches glimpses of the Master Workman.

This is the law of rent: As individuals come together in communities, and society grows, integrating more and more its individual members, and making general interests and general conditions of more and more relative importance, there arises, over and above the value which individuals can create for themselves, a value which is created by the community as a whole, and which, attaching to land, becomes tangible, definite and capable of computation and appropriation. As society grows, so grows this value, which springs from and represents in tangible form what society as a whole contributes to production, as distinguished from what is contributed by individual exertion. By virtue of natural law in those aspects which it is the purpose of the science we call political economy to discover—as it is the purposes of the sciences which we call chemistry and astronomy to discover other aspects of natural law—all social advance necessarily contributes to the increase of this common value, to the growth of this common fund.

By making land private property, by permitting individuals to appropriate this fund which nature plainly intended for the use of all, we throw the children's bread to the dogs of Greed and Lust; we produce a primary inequality which gives rise in every direction to other tendencies to inequality; and from this perversion of the good gifts of the Creator, from this ignoring and defying of his social laws, there arise in the very heart of our civilization those horrible and monstrous things that betoken social putrefaction.

ECONOMIC PRINCIPLES AND FARMING CONDITIONS IN TEXAS.

(By Roy Bedichek, President of the Single Tax League of Texas)

The introduction to Adam Smith's *Wealth of Nations* opens with the following passage: "The annual labor of every nation is the fund which originally supplies it with all the necessities and conveniences of life which it annually consumes, and which consist always either in the the immediate produce of that labor, or in what is purchased with that produce from other nations."

"According, therefore, as this produce, or what is purchased with it, bears a greater or smaller propotion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessities and conveniences for which it has occasion."

No real progress in the study of economics ("The Science of Distribution of Wealth") can possibly be made without keeping clearly

in mind definitions of the terms employed. In order to make this more clear we submit the formula here given:

From LAND does LABOR using CAPITAL (a part of wealth)	{	produce all WEALTH which, when produced, is distributed as	{	RENT WAGES and INTEREST
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When in doubt as to the meaning of an economic term consult this little dictionary:

LAND—All nature exclusive of man and the product of man's labor; the whole material universe except men and the things men have made.

LABOR—All human energy, mental or physical, expended in the production of wealth.

WEALTH—All exchangeable products of labor; anything made by man that has market value. Anything made by labor that satisfies some human desire.

CAPITAL—That part of wealth used in the production of other wealth.

RENT—That part of wealth received in return for permission to use land.

WAGES—That part of wealth received in return for labor performed.

INTEREST—That part of wealth received in return for the use of capital; finally resolvable into rent (for the land from which the capital was made) and wages (for the labor that made the capital).

Farm Tenantry in Texas.

The rapid increase of farm tenants is disturbing some of our statesmen. If the farm tenant increases, so must the absentee landlord. If one is an evil the other must also be. Governor Ferguson in his first message to the Legislature said: "That the work of the Thirty-fourth Legislature would not be performed unless some effort was made to pass legislation that might bring together the landless man and the homeless land." It was not necessary to say anything of the "Absentee Landlord." He exists only in England, Ireland, or the continent and other foreign parts.

Tenant farming in itself is not an evil. The evil lies in its rapid and abnormal increase and the increasing difficulty of the tenant becoming a farm owner. The farm owner is the trusted and re-

sponsible citizen. Farmers like to have their sons and daughters settled about them. The "home farm" cannot be divided and again divided to furnish homes for children and grand children. There should be shifting from farm to town and town to farm. We should be free to choose a congenial work, if we hope to be useful. Enforced work soon becomes drudgery and drudgery stupefies and kills. As labor becomes more productive by reason of improved tools and increased skill, easy exchange of products and broader markets, it should be easier to own homes whether in country or city. Is it? The facts show the contrary. In fifty cities of more than 100,000 inhabitants 74 per cent of homes are rented and only 13 per cent are owned free of encumbrance. What is the answer to these questions? Is there any relation between these soaring land values and tenantry? If by checking land speculation we can increase home owning, should we not go about it? We may say that "The Purpose of the State" is found to be the political means for the satisfaction of needs. What is the STATE and what can it do? If the STATE passes a law regulating RENTS to help the Tenant Farmer, doesn't that savor of Paternalism? Can the STATE enter upon the policy of helping first one group or class of people and then another? Who is wise enough to plan and carry out such a policy? Will we not have to be continually compromising with Justice?

Farm Wealth in Texas.

Statistics are tiresome but so are "hard times." It is better to study statistics than to suffer unnecessarily. When the 1910 census was published how proud we were of the fine showing of the grand old State of Texas! Our population had increased 27.8 per cent in ten years, 7 per cent more than the average for the whole country. Our rural population had increased 19 per cent and this again is 8 per cent better than the average for the United States!

Just look at our farm wealth! That is where we do shine. In 1900 our farm wealth totaled \$962,476,273 while in 1910 it had reached the tidy sum of \$2,218,645,164, an increase of 130.5 per cent. The total of our farm wealth alone equaled \$580 each for every man, woman and child in the State. This looks especially good when we consider that our farm population is less than 75 per cent of the whole.

However, there is another side to this story of wealth as we can find out by analyzing.

Compare for the two periods of 1900 and 1910, the items that make up this total. In 1900, 25 per cent of this wealth was domestic animals. In 1910 only 14.4 per cent was domestic animals. In 1900 the 3.1 per cent for farm implements had declined to 2.5 per cent in 1910, and the farm buildings declined in ten years from 10.3

per cent of the whole to 9.5 per cent. On the other hand the unimproved value of the land which in 1900 bulked large at 61.4 per cent of the whole, in 1910 made up 73.6 per cent of this big wealth showing. Here it is in tabulated form:

Percentage of Values.

	1900	1910
Land	61.4 per cent	73.6 per cent
Buildings	10.3 per cent	9.5 per cent
Implements	3.1 per cent	2.6 per cent
Domestic animals.....	25. per cent	14.4 per cent

As these are most important factors and must be gotten clearly in mind, it is well to put them into dollars and cents gain for each of the ten years. This result is found by taking the gain of each farm in value of items and dividing by ten.

We added value in buildings each year.....	\$ 24.40
We added value in implements each year.....	5.90
We added value in domestic animals each year...	11.90
We added value in land each year.....	240.50

This last table must throw a great light on the situation. We have been laboring under the delusion that we were a great farming community. But when we stare the above facts in the face it gives us pause to think. Have we been farming? Have we not rather been speculating in land with farming as a side issue? We have farmed just to tide us over until we could make our "stake" out of our land. It has not seemed important to consider what we are going to do when there is no more "cheap land" or when it gets too high in price to work profitably. "After us the deluge." If this process were going on in Texas only it would not matter so much, but it is general and only varies by degrees. We have no frontiers left to hold us in check. We must have land to live on and for that reason if no other we can still boost our total "wealth" (?). We will leave our children rich enough to live without work. What can be easier? If the average for the State of unimproved land values jumps from \$4.70 to \$14.53 per acre in ten years and so continues decade after decade, why farm?

Farming is hard work and no one likes to work for the mere fun of it. Especially when it is so easy to make that "stake" out of the rise in land. Of course some of our people have been foolish enough to try to make money farming. A few have had a modest success. The net good to the majority has been a bare living and plenty of backaches and heartaches. If we need further evidence we can take the testimony of a prominent cattleman before the State Railroad Commission recently. He said the cattlemen had not made money out of cattle raising but out of the rise of land values. On this point there seems to be plenty of evidence. We can

take another point of view with profit. Of the 228,126 farms in 1890, 57 per cent of them were owned and operated by the owners free of mortgage. In 1910 there were 417,770 farms and of these only 32 per cent were owned and operated by owners free from mortgage. Our "Homestead Law" doesn't seem to protect the home. There is a greater force that destroys.

NEGATIVE ARGUMENTS.

(From an article entitled, "The Case Against the Single Tax," by Alvin Saunders Johnson, Professor of Economics in Stanford University, in the *Atlantic Monthly* for January, 1914)

Of the many schemes of social reform launched in the last half century there is none which has won so remarkable a following as the Single Tax. Socialism, it is true, has gained more rapidly in number of adherents. But socialistic gains have been made chiefly among the industrial workers—a class which, down to the present, has exercised no very important influence upon our political system. The Single Taxers, on the other hand, are as a rule members of our dominant middle class. Moreover, their strength is especially great in that wing of the middle class which is active in moulding public opinion, the "intellectuals," to borrow an excellent descriptive term from Russian politics. Among the Single Taxers are to be found writers and educators, members of the legal and medical professions, social workers and ministers of the gospel. It is this fact of an exceptionally influential personnel that chiefly lends political importance to the movement.

There is one small fraction of the intellectuals that sends no accredited representatives to the Single Tax group. And this fraction consists of the men who are devoting their lives to a study of the problems which Henry George attempted to solve—the professional economists. The exception is notable, and many attempts have been made to explain it. Henry George himself ascribed it to the spirit of mandarinism. And there can be little doubt that such a spirit prevailed among American and English economists during the early eighties, when Henry George first encountered their opposition. The economists of that period deemed it almost a sacred obligation to keep pure the traditions of the great masters of political economy. Henry George's premises were orthodox, but his conclusions were repugnant to the established canons. Accordingly he was treated as a pernicious schismatic, and was denied the serious attention that his vigor and moral earnestness merited.

The fact that the economists still hold themselves aloof from Single Tax doctrine requires, however, a new explanation. The last three decades have produced a marvelous increase in their numbers;

we have now a hundred well-trained economists to one of 1880. It was inevitable that the narrow orthodoxy of the earlier period should be broken down by such expansion in numbers. Hundreds of investigators, each striving for at least some small variation by which to distinguish himself from the mass of his fellows, turned with a critical fury upon the traditional body of the science. The principles once held final were put to the most rigorous tests of fact and logic, and many of them were proved untenable. Theoretical orthodoxy became anathema; strange doctrines were espoused with enthusiasm. The economist who defended protectionism appeared in the land; next the economists who advocated fiat money, and those who gave their approval to private monopoly. Then came the economists with socialistic leanings and the economists who coquetted with philosophic anarchism. It would not be difficult, today, to find an economist who would joyfully serve as apologist for the Industrial Workers of the World. In short, all the social heresies of matter and method find their exponents among economists high in their profession. Except the Single Tax. This fact is not to be dismissed with a reference to the narrow-mindedness of the schools, since there are few economists who have not eagerly searched the pages of Henry George for ideas of scientific value. It can be explained only on the ground that the Single Tax does not appear, in the light of economic science, to further the best interests of society.

It can hardly be denied that the land-owners as a class have acquired the values in their possession at a cost in labor and sacrifice fairly comparable with those who have been rewarded by property of equal value in other forms. If, however, no one had been willing to incur the sacrifice necessary to acquire a grist-mill, we should have had no grist-mills. If no one had ever incurred sacrifice to acquire title to land, should we not still have the land? It is such a comparison as this that leads to the frequent assertion that the private ownership of land exercises no useful social function.

The issue looks simple, at first sight. Private enterprise made the mill; private enterprise did not make the land. But the contrast is fallacious. A wilderness, however fertile, is of no social significance. The land that serves as the foundation of our economic life is the land under the plough or in meadow or pasture, and rendered accessible to markets by highways, canals, and railroads. If we had administered our lands from the beginning according to Single Tax principles, when would our western forests have been cleared, our prairies transformed into fields of wheat and corn? Not in decades, but in centuries.

There was a time when the typical American pioneer sought land that was free, in the true sense of the term—land which he might use as long as he pleased and abandon at a whim. This man did

not seek values, nor did he produce them. He cleared the land of game and Indians, and made easier the path of the economic pioneer, the man who put the land under cultivation and made it yield its fruits, not for his benefit alone, but also for the more thickly settled east, and for the countries of Europe. The economic pioneer was in search of a fortune. He would not have been content with the prospects of bare wages, in the form of raw products of the soil. For the frontier never yielded wages commensurate with its hardships.

It was not free land, but land that was certain to rise in value, that attracted the millions of men from our own east and from Europe to the edge of civilization. The transformation of the western wilderness into an empire of farms was the work of the "unearned increment." One who wishes to see the unearned increment performing a similar work today has only to visit the Canadian Northwest. What has induced the hundreds of thousands from our own comfortable and prosperous Middle West to cross the border and quarter their families in pine shanties on the blizzard-swept plains? The lure of the unearned increment. Lands purchasable at ten dollars an acre which may be expected to rise to fifty dollars.

If the Single Tax principle had been in operation from the beginning of our history, what would have been the course of our western development? With the State as universal landlord, all that the West could have promised the settler would have been the wages of his labor. To compensate for all the sacrifices involved in pioneer life, the wages would have had to be made very high. And this means that the opening of new lands would necessarily have waited upon the time when the pressure of population in the older centres and the increasing miseries of the poor should expel some of their number to the frontier. Under such a condition of development, Kentucky would doubtless still be a dark and bloody ground, and the Ohio forests a haunt of outlaws. Buffaloes would still range the Louisiana Purchase, and the Canadian Northwest would remain for several centuries to come an asset of the Hudson Bay Company. Slavery would still be the most prominent feature of our social system, and our greatness as a nation would be a matter for future ages to achieve.

It was the unearned increment which opened the West and laid the basis for our present colossal industrialism. It was the unearned increment which created a vast surplus of food-products and raised the curse of periodic famine from Western civilization. The exuberant fertility of the Mississippi Valley lifted millions of men from poverty and quickened the life of the whole Occident. There are, of course, those who will say this was not worth while; that human life was more satisfying under the ancient conditions of well-defined classes, some secure in their superiority, others inured to

their lot. Such considerations lie entirely beyond the scope of the present paper. All that is necessary for our purpose is to indicate that the unearned increment—that supposedly functionless element in our distributive system—has played an extraordinarily active part in building up our modern industrialism.

If the unearned increment has already completed its work, it is, perhaps, the natural prey of a state which recognizes neither vested interests nor the claims of past services to present rewards. Ethical and political reasons for opposing the confiscation of land values may still persist; but the principal economic ground for opposing such a policy falls away if the unearned increment is now socially inert. If our lands will be as well cultivated, our cities as rapidly improved, under the Single Tax as they are under existing conditions, we cannot say that the proposed confiscation is economically indefensible.

American agriculture is not yet ready to dispense with the unearned increment. Our four million independent farmers represent the more intelligent, the more efficient, and the more provident of our rural population. Able men among the tenants and the hired laborers are only transiently in those classes: their qualities destine them to become independent farmers. Now, what are the annual earnings of the independent farmer? On an average, \$600. This sum, which is less than the city laborer of equally good economic quality earns with his bare hands, includes not only the reward of the farmer's labor, but interest on a capital, in land and improvements, averaging \$7,500. What wonder that there is a steady movement of the rural population to the cities? The fact to be explained is that the movement is not universal.

And the explanation is to be found in the unearned increment. To his meagre \$600 of money income the independent farmer adds the increase in the value of his land. This item he usually overestimates, and thus makes out of it a powerful motive for remaining on the land, producing wheat and meat for the consumption of the cities. However high the present prices of food may seem to the city dweller, they are not so high as they would be if agricultural products were not, in large measure, a by-product of the unearned increment.

Increase in the value of land cannot continue indefinitely to supplement the farmer's income. In parts of the East lands have already ceased to rise. Those are the regions of the abandoned farms. In parts of the Middle West lands, while still rising slowly, are approaching a stationary level. Those are the regions from which the most enterprising men are emigrating to Canada, where the promise of unearned increment is still rich. Sooner or later practically all our lands will cease to rise. When we shall have attained

to this condition, the money returns to labor and capital in agriculture will have to be made equal to wages and interest in the cities. Or rather, agricultural returns must be made superior to those attainable in the cities, to compensate for the isolation and monotony of rural life. This readjustment will be effected through advancing prices of agricultural products and through restricted opportunity in the cities.

If we desire to enter at once upon this process of readjustment, we have only to enact the Single Tax. The more enterprising of the agricultural population, despoiled of their property and of an essential part of their income, will cease to produce food for the city laborers, and will enter into competition with them for jobs. What will follow is easy to forecast: increasing misery in the cities, advancing agricultural prices, and, in the end, a new equilibrium. Yet the Single Tax has been seriously advanced as a sure means of alleviating poverty.

FALLACIES OF THE SINGLE TAX THEORY.

(From articles by Highland C. Kirk, in the "*American Defender*.")

The Single Tax Is Confiscation.—That the Single Tax will, in effect, confiscate the land to the Government, must be apparent to the reflecting mind at a glance. Land is not eaten as food, nor worn as clothing, and is valuable to its owner only for what it yields, or the revenue it can afford. Even though it be a lot used by its owner as the site for a house, its annual rental value from year to year represents its total beneficial value to him: and with that rental in the form of money, he can ordinarily procure the use of an adjoining or similar lot capable of answering exactly the same purpose. The ownership of the one lot in fee, and a permanent right to the rental value of the adjoining lot, will each represent precisely the same extent and amount of beneficial interest, so far as money can measure it. When, therefore, the Government assumes the right to tax and does regularly tax the land to the extent of its rental, revenue-affording value, it appropriates the beneficial interest of the owner therein as fully as though it had also appropriated the title, and it has in practical effect confiscated the land as fully as if an edict had been issued vesting the title in the State. The owner will then have no greater individual interest in it than any other person, since he must pay the same rental for it that another would be required to pay, and the rental so paid would equally serve to procure him the use of other land of like character and amount, the title of which might be in his neighbor or in the community.

No sophistry, however ingenious, can disguise the fact that the Single Tax is practical confiscation. Indeed, Henry George, while

avoiding the use of that word, does not deny the result of the single Tax in this respect, but boldly declares that it proposes to take the kernel and leave only the empty shell (the nominal title) to the land owners. The lesser lights, however, seek to deny that the principle is one of confiscation, claiming that it will not disturb titles, and saying that the tax is not to be placed on the land itself, but only on its value, which rightfully belongs to the community. Certainly it is not expected that by the use of mucilage or otherwise the tax will be placed upon or affixed to the land itself. All taxes are placed upon the value of the things taxed, and not on the corporeal substance. If the Single Tax fails to ultimately divest and destroy private titles, it will fail to accomplish its avowed purpose of "forcing men to turn loose land they are not using," and of making land "as freely accessible to the masses as the other bounties of air and sunshine." As the owner of lands can derive no profit from the matter of ownership, but, on the contrary, is liable to be taxed with their full rental value, although not using them, or though they may be unimproved, it will be the better policy for him to at once disclaim the title to the Government, 'since its retention can only subject him to annoyance and assessment of rents or taxes without any corresponding benefit.

How completely confiscation will be effected by the Single Tax may be shown by illustration. Some years since the State of Texas gave three millions of acres valued at \$1 per acre, for the building of a State capitol, and received in return a magnificent structure, a temple of justice fit for so great a Commonwealth and said to be second only to the National Capitol in Washington. She also sold about that time some ten millions of acres of other lands, at prices from 50 cents to \$2 per acre, for nearly all of which the purchase money has now been paid in full and used by the State or applied to her common school fund. These lands mostly lie far out toward the western borders, much of them are still remote from settlements, and nearly all of them yet unoccupied. The Single Tax, in appropriating to the State whatever rental value they now have, and may have in all the future, will practically affect the owners precisely as if the State should enact a law canceling her sales of the lands and resuming her former title in sovereignty, without returning the State Capitol or the moneys received by her. Clearly the Single Tax would be violative of our constitutional guaranties against the taking of private property for public use without compensation, and requiring the taxes to be equal and uniform.

The Community as Giving the Value to Land.—The proposition that the Single Tax will only appropriate what rightfully belongs to the community is rather an attempted justification than a denial of its confiscatory effect. Let us examine the proposition a little.

If it be true that it is the community which gives the value to land, yet this cannot warrant the putting of all taxes on land alone, for the reason that the fact exists to an almost equal extent in the case of personal property. . . . It is to the community, with its consequent social relations and intercourse, the necessities which it begets, the stimulus which it affords in its appeal to pride, ambition, vanity and other passions of human nature, that causes the demand for and gives value to the greater extent of personal property. The tailor-made clothes of a well-attired business man, including with them his boots and hat, cost \$50, and his ordinary gold watch as much more. Expatriate him as a second Robinson Crusoe to the solitary shores of Juan Fernandez, and four-fifths of this value is at once annihilated. The gold watch will not be preferable there to a silver one with similar works costing only \$10, while the clothes would gladly be exchanged for plainer and stronger ones, sold here for one-fifth of the money. Without the community, diamonds could hardly be exchanged, even weight, for peanuts. All articles used exclusively for ornamental purposes derive their value entirely from the community, while the ornamental qualities which, as we have just seen, enters so largely even into useful articles, must also be accredited to the social aggregation. Surely some other reason must be invented to justify the single tax in radically distinguishing all property into two classes upon a consideration almost equally applicable to both kinds.

Injustice of the Single Tax.—The Single Tax, in order to prevent land monopoly, will flagrantly violate and confiscate existing rights, establish gross inequalities and greatly increase the giant monopolies in personal property, together far more detrimental than that of land. With the Single Tax adopted, those having wealth in lands would either get it out of them, and necessarily into personal property, by sales to small holders, or see it annihilated. For individual occupancy and use men will require, especially under the Single Tax burden, very small amounts of lands, the agriculturist, of course, requiring more than all other classes; and hence the wealth of the millionaires and the opulent classes will consist almost entirely, in many instances exclusively, in personal property, such as railroads and merchandise, which will be non-taxable, although the public expense is chiefly incurred in its behalf, in maintaining courts and enforcing laws for its protection and regulation, and property pertains to it as directly as an insurance tax to the buildings insured. Reason dictates that such property should be liable for its own expenses, and that those who own most of it, and so derive the greater benefits from its protection, should contribute in a just proportion toward defraying the expenses so incurred.

Criticisms of Mill and Spencer.

Mr. John Stuart Mill contended that the unearned increment in land values, produced without actual effort of expenditure on the part of the owners, as when due to the passage of a railroad or growth of a town in its vicinity, should properly belong to the State; and the weight of Mr. Herbert Spencer's name has also tended to encourage and support Mr. George in his positions. Mr. Spencer, in his "Social Statics" says: "Equity, therefore, does not permit property in land; for if **one** portion of the earth's surface may become the possession of an individual, and may be held by him for his sole use and benefit, then **other** portions of the earth's surface may be so held, and our planet may thus lapse altogether into private hands." (Social Statics, p. 132.)

The weakness of this argument, which well illustrates "how great Homer sometimes nods," has been adequately shown by Mr. Henry Winn in his "Property in Land," who says: "It only goes to the point that, if the world should be crowded, holdings should be limited; not to the point that there should be no holdings at all. No one will dispute the right of society to limit, if necessary, excessive holdings. The action of economic laws has rendered it thus far unnecessary. If men hold land in excess without utilizing it, taxes and interest war against them and they become land-poor. If the land is utilized, all men reap the benefit by the increase in supply and reduction in price of raw material and food. The argument is that if land-holding be carried far enough it will result in evil. The same is true of almost any course of action. There is no more sense in barring private titles **now**, from a remote fear that centuries hence the earth may come under it and part of the race excluded, than a janitor would show in ejecting a man from his seat at a town meeting in a half-filled town hall because, if all the seats should 'eventually' be occupied, a re-seating would be necessary." (Property in Land, p. 5.)

Quite as clearly Mr. Winn shows Mr. Spencer's statement, that land titles originated in violence and fraud, does not touch the question of the general right to make private titles now, however private titles originated; and also shows Mr. Spencer's suggestion, that all land should "be held by the great corporate body—society," to verge on the ridiculous, when the "globe-rent" due the Kaffirs and other savages from their London "holdings" is considered.

Mr. Mill's view, that the unearned increment in land values should accrue to the State, might be conceded as a perfectly just principle wherever and whenever it could be shown that such increment was in no wise due to the effort or expenditures of the legal owners. But the difficulty of securing evidence, and, where whole communities of landholders are affected, the difficulty of discriminating as to

which tracts involve "unearned increment" to the extent of warranting confiscation, might be sources of greater expense and trouble than any gain from the sequestration of land by the State on the charge that the title-holders had no share in its enhanced value. And Mr. Mill's suggestion was merely to absorb future increases in value, not to confiscate existing titles through taxation.

The Malthusian Theory Defended.

"The denser the population," says Mr. George, "the more minute becomes the subdivisions of labor, the greater the economy of production and distribution, and hence the very reverse of the Malthusian doctrine is true; and, within the limits in which we have reason to suppose increase would still go on, in any given state of civilization, a greater number of people can produce a larger proportionate amount of wealth, and more fully supply their wants, than can a smaller number." (Progress and Poverty, p. 123.)

Mr. George contemplates here a peaceably disposed people; and barely two years ago (January, 1912,) came the report from China that two and one-half millions of people were starving; yet it has one of the densest populations and though at that time momentarily stirred up over a proposed change in the government, possesses at the same time a people the most peacefully inclined of any on the globe, and should, according to Mr. George, be quite able to supply all their own wants.

The population of the United States is rated at about 25 persons to the square mile, or may be estimated at 35 persons for each square mile of settled territory. But if the barren places, including the mountains and deserts of China, were all inhabited, there would be an average of about 235 for each square mile; while the actual average for the habitable sections is about 700 per square mile. Yet no increased power of producing the means of subsistence has been discovered in China. People starve to death not infrequently, and infanticide, particularly of girl babies, has been practiced openly for centuries and is attributed in great measure to the lack of means and opportunity of securing food.

If it be said that China is not on a sufficiently high scale of production, let us take an example where the scientific methods prevail in the production of subsistence and its distribution. Japan practices such methods and is entirely at peace just now, and with a density of nearly 300 people to the square mile, or more than ten times that of the United States, ought to illustrate Mr. George's doctrine perfectly. But it really shows the fallacy involved in that doctrine; for the problem of filling the half-million or more new mouths which come into being in Japan every year is a vehement denial of the doctrine that the denser the population the easier their wants can be supplied. Fertilization to the limit and hand cultivation of every foot of the soil are not sufficient; and the salvation of Japan industrially has been found to lie in developing her

manufactures and foreign markets, and by gaining new outlets for her population, as she has been practically compelled to do in her northern island of Yazo, in Formosa and Korea.

THE SINGLE TAX

(From Bulletin No. 39, University of Texas, "Studies in the Land Problem in Texas," July 10, 1915, by Lewis H. Haney, formerly Professor of Economics, University of Texas, now Economic Expert, Federal Trade Commission)

THE SINGLE TAX AS A FISCAL MEASURE.

There are three aspects of the Single Tax argument: the fiscal, the ethical, and the economic. On the fiscal side, Single Taxers claim that their tax would simplify the problem of raising government revenue, and they put forth a certain theory of the true nature and just basis of taxation. According to the judgment of unbiased students of public finance, however, their arguments on this score are not sound. It is generally recognized that the government must be able to increase or decrease its revenue as its need of funds increases or decreases—public revenues must be elastic. But this would not be possible with a Single Tax which would aim to take all, or nearly all, of land rent. The government would not be able to meet emergencies, nor to reduce taxes in times of little activity. Moreover, it is not certain that land rents will always increase, and in England and certain parts of the United States they have actually decreased. Would it, then, be wise to make the State dependent upon a single source of revenue?

Again, the Single Taxers have a wrong idea of the nature and basis of taxation. They constantly refer to taxes as "fines" and burdens; and too frequently they assume that taxes should be based on the benefit received by the citizen from his government. Now, this is a selfish way of looking at the matter. Government exists for the benefit of all in common, and taxes are no more fines than are the contributions people make to support schools and churches. It is only selfish ignorance that looks upon a contribution to support the means of existence in civilized society as a fine. Besides, it is practically impossible to tax on the basis of benefit received from government, when the poor get such large benefits therefrom. The same criticism applies to the Single Taxer's quest for some "special privilege" as the sole basis of taxation. Let us grant for the moment that land ownership is such a privilege. Does it follow that other sources of income should not contribute their share? How about the great singer or lawyer? Should we not all help support our common government, each according to his ability? To do otherwise would be virtually to deprive us of our citizenship, and it would set an arbitrary limit to the scope of those activities which we carry on through government. This false notion of the mean and purpose of

taxation is a fundamental weakness in the Single Taxer's position.* As citizens in common of a government of which we are individual parts, each of us should contribute to that government such a share as his means of payment warrants. A lawyer's \$50,000 income should contribute as much as a land-owning farmer's similar amount. All the favor we who own no land should ask is that our contributions be honestly and efficiently assessed, collected, and expended.

That there is any royal road to getting revenue—that we can ever attain free government—is a delusion. Of course, if we are to rob those who have saved and bought and paid for farms and stores and homes, of the value of their land, we can carry on government from the booty so acquired for some time. But, on the one hand (1) an army of government officials would be called for to administer the system and to see to it that lands would not be abused by the tenants—in short, to do just what the present landlord does. This would use up so much of the rent tax that income from that single source would be inadequate.† On the other hand (2), if a bonus were given to capital and to labor by exempting them from any contribution toward the support of their government, they would probably increase and multiply to such an extent as to increase the amount of government activity and expenditure required, and, as individuals, capitalists and laborers would be no better off than before.

I repeat, no juggling of taxation can make taxation unnecessary or government free.

It is more than likely that great inequality would result from a Single Tax, in that some sections have a larger proportion of their wealth in the shape of land than do others. As between city and country this is the case, and the farmers would be burdened much more heavily than the manufacturer under a system of single land taxation.

ETHICAL ASPECT OF THE SINGLE TAX.

The ethical aspect of the Single Tax, however, needs more discussion. I will assume, as does the single taxer, that the general institution of private property is sound, or socially expedient. The questions, then, are: Would the Single Tax do away with property in land? If so, would it be wise and just?

It seems clear enough that few would care to own land if substantially all income from land were taken by the government. Roughly speaking, men want to own things in proportion to their values; but things which bring no net income have no value. It is idle to discuss the question whether the Single Tax would confiscate land or not. Who wants the orange after the juice is squeezed out?

*See Scroggs, "The Practicability of the Single Tax," in Report on Oklahoma Conference on Taxation (1915); *Bulletin of U. of Okla.*, No. 93, p. 105.

†Single Taxers are blind to suppose that anything like the total rent could be made available for general governmental purposes.

The next question is, would it be wise or just to squeeze the value* out of land? The true single taxer sets up an antiquated metaphysical theory of property in order to defend an affirmative answer to this question. I mean the labor theory—the theory which basis ownership on effort expended and would allow title only in those who have made things. Having set up this theory, the single taxer proceeds to argue that land is not made by labor, and therefore should not be held as private property. But how are we ever to separate out the labor element in production? How can it be measured? No one has ever devised a means of making labor a workable measure, especially under our complicated methods of production. Above all, how can we assume that labor makes the value which is the measure of property? Labor spent in making ice at the north pole won't serve as the basis of anything. Nor will labor on improvements on a West Texas desert produce anything but a sweat. I submit, therefore, that, as labor cannot be made the basis of property, it follows that one cannot condemn property in land on the ground that it is not the result of labor.

The reader must not conclude that I believe that land is made by man, nor that I think that all income from land is earned. Most emphatically, there is such a thing as unearned income, and land owners receive a good deal of it. But to receive a thing is not to steal it. Because an income is unearned, it does not follow that no one should be allowed to own it. The single taxer confuses what is a question of expediency with the question of justice; for the problem of land ownership is to get the best results for society, and the mere neutral or negative fact that man has not made land shows nothing either for or against the *justice* of land ownership. Suppose I find a diamond. Do I commit a crime in holding it as mine? Let us not fall into the error of thinking that, because a part of land value is unearned, it is stolen. It may be *wiser* to allow the owner to keep it than to give it to anyone else. It might be possible to argue that one who merely receives or finds things should not own them; but it is not at all clear that no one should own such things, nor that they should be given to anyone other than the finder or receiver.

The foregoing statement is given additional importance, because in the case of land, ownership has been so long recognized that confiscation would be a severe blow to our ethical ideals. Land has been bought in good faith on the implied assurance that no peculiar special taxation would be levied. And anticipated future increases in value have been discounted and capitalized in the present selling value paid by present owners. Future chance increases in land value may be justly taken (increment taxation) after notice has been served; but it is late in the day to confiscate rents that are received for investment made—made, perhaps, with funds earned by labor.

*Value in the sense of price to be got by sale.

The single taxer of today, however, bases his claim to confiscate land values chiefly on the notion that such values are created by society. Farm and factory lands, he says, owe their increasing prices to the development of society—the growth of population and markets around them.* This is to say that land owes its value to the demand for it. But can demand alone make anything “valuable”? Of course, the answer must be that the limited supply of land plays an important part, and that value of land depends only in part on demand and markets. And exactly the same is true of all other valuable things—goods, capital, labor. They, too, owe their value partly to demand, that is to say, to the existence of society and markets. For example, as society grows and cities spring up, the value of all sorts of special services—surgery, hair-dressing, musical performances, etc.—increases. The value of a Texas steer is as much dependent upon the tastes of society and the growth of population and markets, as is that of the land on which the steer is grazed. In short, all values are (partly) created by society, and this fact affords no more presumption that society should confiscate land values than steer values, surgery values, or any other values.

(If, at this point, the single taxer shifts his ground and turns to the natural scarcity and importance of land, let the reader remember two facts: (1) this scarcity has nothing to do with the question of socially created value—society didn’t make the earth; (2) no scheme of taxation, single or other, is going to make the earth any bigger.)

So much for a review of the fiscal and ethical aspects of the Single Tax. An examination of its claims as a means of industrial reform should now be made.

THE SINGLE TAX AS A MEANS OF ECONOMIC AND SOCIAL REFORM.

The single taxer puts his scheme forth as a sovereign remedy for low wages, crises, poverty, and most industrial and social evils. One of their exponents recently published in the press the following statement: “If it (the city of Houston) were under the Single Tax, the development of the city, instead of being as great as it is, would be ten times greater; and we would have a city on the Houston Ship Channel that would rival Chicago or New York in a decade; we would have a city where charity would not be known (!), where slums and unsanitary tenements . . . would be unheard of; we would have a city where all men would be steadily employed at wages sufficient to educate their children and support their families in comfort. In fact, we would have a city that would experience the millenium upon earth, where jails would be used as school houses,

*Here we must remember that, even if this were true, it does not follow that society must refuse to let individuals own these values, any more than that because a man finds a valuable thing it must be taken away from him. Even if land values were created by society, the best way to socialize these values might be to let the individuals who make up society own them.

and courts would have little to do.”* Aside from such super-beatific features as the abolition of charity and the use of jails as school houses, this is quite in the spirit of Henry George. I quote to emphasize the fact that the Single Tax is put forward seriously as a cure-all for social ills, and that the Single Tax Movement, as such, may be judged in the light of such great pretensions.

The first great error in the single taxer's case is his notion that private property in land is the cause of poverty. He is mistaken in attributing to private ownership what is due to a relation between population and land. Scientific economic analysis shows that the basis of poverty is the multiplication of population—especially among the least productively occupied—in a world in which natural resources are limited in amount. The fundamental fact is the fact of scarcity—a scarcity which exists no matter what the form of political and legal institutions. If population so presses on limited land supply as to make food and clothes scarce and dear, can any juggling with ownership remedy? There is only so much to divide; the products of farms and mines must be sold, and sold for enough to cover expenses of producing from the poorest farms and mines; the government could do no more.

But the single taxer says that his scheme would make land freer and so would multiply products and raise wages. He would give the laborer the alternative of taking up land, and he points out the well-known fact that when we had free land, wages were high. But just where are we to get such land? This notion is a confusion of the cheap land of early days with the dear land of today. Then land could be secured at a capital value of \$1.25 an acre; but now the mere annual rent is four or five times that sum, and would be so whether paid to an individual owner or to the government as a tax. The capital needed to pay that rent (or tax) would be as great under the Single Tax as it is now. Let us suppose that the rent of a given farm is \$1000 a year, and that at 10 per cent the capital value of the farm is \$10,000. Under existing conditions a man, if he is efficient and trustworthy, can borrow the purchase price (\$10,000), paying interest (\$1000) on the sum. Under the Single Tax, would he be any better off in paying his \$1000 tax to the government? It must be remembered that, with the coming of a 100,000,000 population, the day of cheap land is forever gone; that today any capable man can get the use of all the land he can pay rent for; and that, as no government can make land, it is not going to mend matters merely to make the government the landlord and to call the rent a tax.

Although it is but a quibble, the single taxer may say that he is not opposed to land ownership, but to the *private receipt of rent*. Rising rents, he may admit, necessarily attend progress; but to allow individuals to appropriate rents leads to exploitation. The answer

*J. J. Pastoriza in letter to Wall Street Journal (1914).

has already been suggested in pointing out that it does not follow, because a return is not earned by the person who receives it, that the return should be taken away from him or given to anyone else. To put the case in economic terminology: The amount of rent does not affect the amount of the other shares in distribution (wages and interest), and consequently increased rent cannot cause the impoverishment of labor. (1) Rent is the result of high prices and depends upon (rather than causes) the difference between price received for products and expenses of wages and interest. As the demand for the products of land increases, the prices of the land that yields these products increases. (2) That rent is not a cause of poverty is made more clear when one thinks that rents may rise independently of any change in real wages. In fact, as rent rises because of high prices of the products of land, and wages may rise from the same cause, wages and rent may keep pace with one another. (3) More than this, it would be wrong to assume that it is necessary that men must multiply up to the point at which so much land will be demanded that no one can have enough; for there is such a thing as the standard of living which, if sufficiently developed, may keep population in check in so far as is necessary to enable all to receive a share of the products of land.

History will show any open-minded observer that poverty has existed when and where rents were not high, and that poverty has not increased in proportion to the increase in rents. Even those socialists who have any claim to sound scholarship (the "Revisionists") admit that misery is not on the increase, while rents have doubled in the last few years.

Indeed, the single taxer exaggerates the peculiarity of rent. The rent of land is not the only important differential return that is in large part unearned. Such personal abilities as characterize the "great" singer, actor, speaker and other individuals whose income depends on the "personal equation," are gifts of nature, and the income therefrom is unearned in much the same sense as land income. Franchise values depend upon the character of the country and the people in a similar way, yet they are not land values. The general recognition by single taxers that franchises ought to be taxed, and their attempt to confuse franchise values with land values, are quite illogical. Franchise values are *monopoly* values, like patents and copyrights. They are far in excess of the value of the lands used by those holding the franchises.

In short, private property in land and private receipt of rent are not the causes of our social evils, and consequently the transfer of ownership or income to the government would not afford a remedy.

Speculative Land Holding and Unused Resources.

Speculation is a necessary feature of all business in which uncertainty and risk exist; and in what business are they not found?

Where the market is wide, the volume of exchange is great, and the element of uncertainty is large, a wise division of labor gives rise to a specialized class of dealers who are called "speculators."* So it is in dealing in grain, cotton, and land. These specialists have it as their function, through competition, to see to it that the commodities dealt in are sold at their full exchange value—no more, and no less. Where there is no such class, with the market which they organize, we find wide local variations in the price of the same kind and quality of articles, and great fluctuations. (Either that, or a deadly uniformity fixed by custom.) Where would the cotton farmer be in his dealings with the local buyer if it were not for the cotton exchange quotations? Now the real estate speculator has the same function to perform as do other speculators, and, while he may abuse that function—as any good thing may be abused—I hold that he may render valuable service.† He gives information concerning opportunities to investors, thus opening up new resources and guiding the stream of investment. He appraises values, seeing future potentialities and discounting them for present users. He often acts as a useful middleman in making desirable areas accessible and available on convenient terms of payment.

Above all, I would stress the importance of having a market in which *the value of land can be determined by free exchange*. Any consistent application of socialism would take away all such markets and substitute fixation of prices by political control; and the Single Taxer is, in this respect at least, a sort of land socialist. What assurance could we have that land would be used on the basis of its exchange value when the government is the one great landlord? Something of what is meant may be learned from our experience in opening up our public lands. Few will deny that, on the whole, the farm land of Texas is inadequately used. Cultivation is too extensive, in that not enough labor and capital are used per acre of land. This economic fact is to be associated with an over-rapid opening of our public lands on "easy terms" by the government, which has been a cause of the wasteful soil-skinning methods of American agriculture. Too much land has been used, nearly free, for our available capital. When one looks around in Texas one is not impressed with the need of "opening up" more land—unless one is looking for one's own private gain through a gift from the State. Should we not go slow, then, in seeking to force all our lands on the market by a tax? Is it not the part of wisdom that

*The reader will note that speculation is here distinguished from gambling. We don't condemn churches because there are some bad church members. Neither should we condemn speculation because there is some bad speculation. Speculators are skilled students of the economic forces of supply and demand and of market conditions.

†See the writer's article on "Land Taxation" in Report of the Tax Conference at the University of Oklahoma. (Bul. of U. of Okla. No. 93, June, 1915, p. 92.)

land should be held for its full value, so that this great natural resource will be most economically used?

The speculator, then, is to be regarded—in so far as he is honest and efficient—as the agency through which society sees to it that its lands are used on the basis of their full value; and we must remember that it is possible to fell forests, to make improvements on land, and to exploit mines too soon and too rapidly, not building for the future. In this connection, too, it may be worth noting that speculators are not speculating for their health. This, some critics seem to suppose, for they assume that large tracts of land are being held idle, which tracts might be profitably put under the plow or built upon. If they mean that they, the said critics, would be glad to have some of this land given to them, their logic is clear enough. But would it not seem that if there were any profit to be gained, intelligent speculators would either sell the land or rent it pending sale? And, when exchange is free, we may assume that as a rule the largest profits are made by selling things like land on the basis of their most productive use.

The Single Tax Extreme and Not Specific.

The reader must not conclude that I am proposing *laissez faire* and opposing all regulation. It is only unnecessary or unwise regulation that I object to. One doesn't take a shotgun to kill a fly. Just so, we need not take the Single Tax to reach certain social evils. I believe that holdings of land in excess of a reasonable size are dangerous, and especially so in the hands of absentee landlords. I believe that in our cities lots are sometimes held vacant beyond all reason. But I don't believe these things are the cause of all poverty, nor that the single tax is needed to remedy them. Why not try a land tax that is graduated according to the *size* of the holding? It is the largeness of the holding, not the fact that it is land, that is the point. Very well; let us tax, not all land, but all largeness—if unreasonable. This has been done with considerable success in various countries. Similarly, if it is absentee ownership you wish to get rid of,* add a higher tax on land held by absentees. Lots held vacant in congested parts of cities may be reached by eminent domain, or by a special tax. Inheritance, too, should be mentioned. When one thinks of estates coming down to idle and inefficient children one may for a moment be led to sympathize with the Single Taxer. But, again, it is not the land nor property in land that is at fault here; it is the *inheritance* of the property. Accordingly, the remedy is to be sought not in a tax on ownership, but in a tax on inheritance—one, too, that would apply to all kinds of inherited property. In short, the causes of our land

*Remembering that under the Single Tax the government would be the one great absentee owner.

problems, in so far as they lie in social organizations, are specific and we need specific remedies, remedies that go to the causes. There is no cure-all—no panacea. In so far as the trouble lies in scarcity of land, it is to be remedied only by limiting population or improving production. To take the value out of all land, when it is largeness of holding, or absentee ownership, or a quasi-monopoly holding of urban lots, or inherited wealth that is the cause, is like amputating a leg to get rid of a corn.

I believe it would be safe to challenge any one to find a Single Taxer who will argue fifteen minutes without shifting his ground, of attack from *property* in land values to either *largeness* of land holding or to *inheritance* of land or to *monopoly* or to *absentee* holding. I submit that we don't need nor want to cut off property in land in order to remove these other causes of evil.

THE SINGLE TAX.

(From Essays on Taxation, by E. R. A. Seligman, Professor of Economics in Columbia University.)

The Single Tax advocate generally lives in the city, and sees before him a city lot, each foot of which will sell for hundreds or perhaps thousands of dollars. The town lot, he is apt to exclaim, is worth hundreds of times as much as a piece of land in the agricultural districts. This is perfectly true; but it proves nothing as to the comparative ability of their owners to pay taxes because it overlooks a point of the greatest importance. When we compare urban with agricultural land values, we do not compare foot with foot, but total units with total units. Thus an acre of land in New York City may be worth a thousand times as much as an acre of land in the country; but it must be remembered that there are many thousand times as many acres in the country as there are acres in New York City. A lot in New York may be worth ten thousand dollars, but a farm of five hundred acres in the country may also be worth ten thousand dollars, exclusive of improvements. We must, therefore, compare, not the value per foot in the New York lot with the value per foot in the country farm, but we must compare the value of the New York lot with the value of the country farm. The farmer who has paid ten thousand dollars for his farm, and has then proceeded to improve and cultivate it, will not be satisfied, when the assessor taxes him, and exempts all the business men, house owners and security holder in the adjoining village; he will not be satisfied with the statement that the owner of a ten-thousand dollar lot in New York City pays a hundred times as much per front foot. He will be apt to reply that it makes no difference to him whether the New Yorker's ten thousand dollars is taken

away; but that he objects to his own ten thousand dollars being taken away, while his neighbors in the village, who are far richer than he, pay no taxes at all. In short, while attention is directed to the fact that land values are undoubtedly less per acre in the country than in the city, it is forgotten that the number of acres in the country is so many times larger than the number of acres in the cities that the total land values in the country will form a large part of the whole. Moreover, we have seen that the value of improvements is greater in the towns than in the country. In the country the farmhouse is built for five hundred dollars; in the city the fine stone mansion or steel business edifice is erected at a cost of thousands or hundreds of thousands of dollars. If, therefore, all improvements were to be entirely exempted, the only result of a tax on land values would be to make the farmers pay more than they do at present. It is not denied that as between the general property tax as actually administered and a tax on real estate only, the farmer would be benefited by the adoption of the latter. For personal property, as has been elsewhere explained, is assessed, chiefly in the agricultural communities. The remedy, however, consists not in taxing only real estate, but in striving to reach the abilities of the owners of personal property by some other method than that of the antiquated general property tax. But even assuming that this reform cannot be effected, what the farmers would gain by the abolition of the personal property tax, they would lose and far more than lose, as we have seen, by the total exemption of all improvements.

No wonder the farmers realize that this will ruin them. Immunity from indirect taxes would be dearly purchased at such a price; for it would result in the destruction of the one class above all others on which our prosperity rests—the class of independent small farmers. As long as the United States remains pre-eminently an agricultural community, it is not likely that the Single Tax will become a practical question.

It is contended by the Single Taxers, with special reference to the advantages claimed as likely to accrue to the tenement-house population of the large cities, that the introduction of their system would bring about the social millennium. It is supposed that if we abolish the tax on improvements, that is, on houses, that vacant lots will be built over as if by magic, rents will fall, the wages of the workmen will rise, and a period of general prosperity will be ushered in.

It may be asked, in the first place, where all this additional capital which is to be invested in houses is coming from. There is no fund floating about in the air which can be brought to earth simply by the imposition of the Single Tax; the amounts to be laid out in houses must be taken from the capital now invested in some other form of productive enterprise. The amount of loanable capi-

tal in the money market at any one time is definitely fixed. Even deposits in banks are already invested, for the most part, in mortgages or in corporate securities; that is, they are already utilized for productive purposes. What is put into new houses will, therefore, simply be so much taken away from other productive employments.

It may be asked next, how the rents of our tenement-house population will be reduced? The theory that a tax on houses is shifted to the consumer or tenant is true enough, provided that the tax be exclusive—that is, provided that nothing be taxed except houses. If, on the contrary, the house tax is simply a part of a wider system of taxation; if other forms of property are assessed like investments in land and in personal property; if a corporation tax is imposed to hit the investors in corporate securities; or if we have an income tax which is to reach general profits,—in all these cases the very conditions of the theory according to which a house tax is shifted, disappear. To the extent, then, that the house tax is not a Single Tax, the tendency for it to be shifted will be diminished. The only result, in this direction, of the Single Tax would be, as a matter of fact, that people would pay their rent to the State instead of to private individuals. We hear a great deal about the unoccupied lands held for speculative purposes in large cities; but it may safely be affirmed that south of Forty-second Street in the City of New York—the home of the major part of the tenement-house population—not one-fiftieth of one per cent of the building lots lie idle, and of these some adjoining factories or large establishments are used for storage purposes. How then would the Single Tax relieve the inhabitants of the slums? They will not go to the suburbs where there is an abundance of land, for the same reason that they do not go there now. Rent in the suburbs is at present considerably less than in the slums, which are nevertheless crowded. The average workman plainly prefers to be near his work, and to enjoy the social opportunities of contact with his fellow-workmen, evenings as well as daytime. Above all, he cannot afford the expenditure of time and money necessary for conveying the various members of his family to and from the suburbs. Even assuming, therefore, that there was some magic wand to cover the suburban lots with houses, the rents in the slums would scarcely be affected.

Finally, we may ask how the wages of the workmen are to be increased by the Single Tax. Wages can be increased only through an increase of capital or through an increase of the efficiency of the laborer. Taxation in itself cannot accomplish either of these results. To turn economic rent over to the State cannot increase capital one whit, nor can it augment the efficiency of the laborer. Not only can the Single Tax have no influence on the wages of labor, but as we have seen it cannot decrease the rentals of the tenement-house

population. The whole fair dream of economic felicity thus resolves itself into mere mist, into mere nothingness; the tenement-house population would derive as little advantage as the American farmer from the Single Tax.

So far as there is any truth in the doctrine that land in or near cities is largely held for speculative purposes, the difficulty can be met by the enforcement of now existing laws. The tax laws of the American states everywhere instruct the officials to assess property at its true or selling value, but it is notorious that unimproved lots are, as a rule, considerably undervalued as compared with those on which improvements have been erected. If, then, we simply enforce the laws as they exist, it will be far more difficult for any one to hold land on speculation. But the desired purpose may be accomplished without invoking the aid of Single Tax.

Furthermore, so far as there is an element of truth in the idea of unearned increment as applied to urban real estate, the problem is already, to a large extent, solved in America by the system of special assessments which takes for public purposes, and precisely at the time of its creation, the increased value which may properly be said to be due to any positive action on the part of the community. By enforcing the tax laws as they exist today and by extending the law of special assessments to all the cases which are properly referable to the principle of benefits, we shall do as much as is under existing conditions either practicable or equitable.

We have studied the Single Tax from different points of view; and we have seen that it is defective fiscally, politically, morally and economically. We have learned, first, that it would be inelastic, and that it would intensify the inequalities resulting from unjust assessments; secondly, that although itself proposed chiefly from social considerations it would prevent the government from utilizing the taxing power for other social purposes, and that it would divorce the interests of the people from those of the government; thirdly, that it would offend against the canons of universality and equality of taxation, and that it would seriously exaggerate the difference between profits from land and profits from other sources; and finally, that it would be entirely inadequate in poor and new communities, that it would generally have an injurious influence on the farmer, and that even in the large urban centres it would exempt large sections of the population without bringing any substantial relief to the poorer classes.

It is clearly impossible to discuss in this place the wider claim of the Single Taxers, that the application of their scheme would introduce the social millennium. If economists thought that the distinguished Single Tax leader had solved this problem, they would enthrone him high on their council seats; they would reverently bend the knee and acknowledge in him a master, a prophet. But

when he comes to them with a tale that is as old as the hills, when he sets forth in his writings doctrines that have long since been refuted; when in his enthusiasm he seeks to impose a remedy that appears to them as unjust as it is one-sided, as inconsistent as it is inequitable,—they have a right to protest. This is not the first time that some enthusiast has supposed that he has discovered a world-saving panacea. The remedy for social maladjustments does not lie in any such lopsided idea; the only cure is the slow, gradual evolution of the moral conscience of mankind. We cannot solve the labor problem by any rule of thumb. Every student of history, of political philosophy, of economics, will tell us that the progress of the race has been slow and painful; that the world has advanced step by step; that each successive step, to be enduring, must be founded on justice. To suppose for a moment that the social millennium will be ushered in by any one sudden change—even were the change not so lamentably inadequate as the one above discussed—is an evidence not of wisdom, but of short-sightedness.

Even as a method of tax reform, the scheme is, as we have seen, a mistaken one. Our system of taxation is far from being ideal, or even comparatively just; for we are still clinging, in a great degree, to mediaeval errors. But whatever be the much-needed reform, it is safe to say that neither the common people nor the student will ever accept a scheme which is palpably unjust, which abandons the whole ideal theory of modern taxation—that of relative ability or faculty—and which seeks to put the burdens of the many on the shoulders of the few.

